

#### **DECEMBER 2003 FINANCE & INVESTMENT REPORT**

Agenda Item # 1
Prepared By:
Finance Director
Submitted By:
City Manager

#### **RECOMMENDED ACTION:**

Accept and File Report

#### **EXECUTIVE SUMMARY:**

Attached is the monthly Finance and Investment Report for the period ended December 31, 2003. The report covers the first six months of activity for the 2003/2004 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

## CITY OF MORGAN HILL Monthly Financial and Investment Reports

December 31, 2003 - 50% Year Complete



Prepared by:

FINANCE DEPARTMENT



#### CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04 FOR THE MONTH OF DECEMBER 2003 - 50% OF YEAR COMPLETE

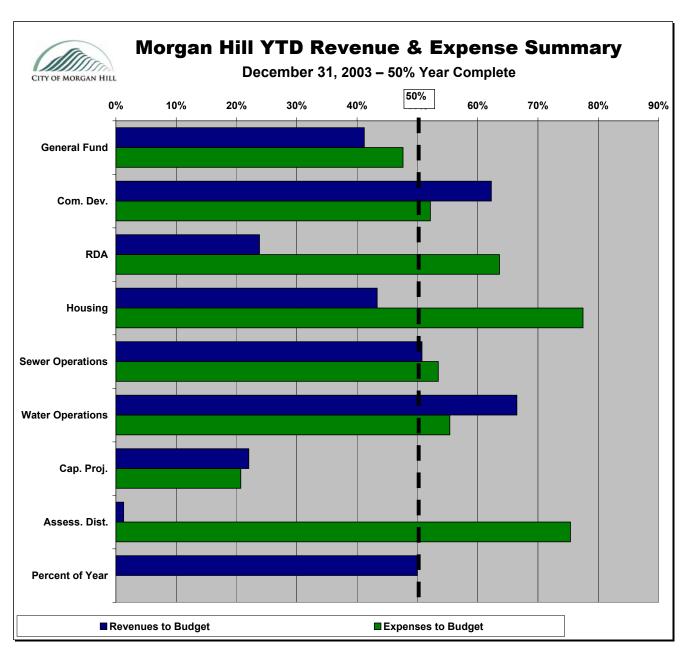
This analysis of the status of the City's financial situation reflects 50% of the year.

- **General Fund** The revenues received in the General Fund were approximately 41% of the budgeted revenues. Property related taxes received by the City amounted to 58% of the budget. The amount of Sales Tax collected was 45% of the sales tax revenue budget and was 13% less than the amount collected for the same period last year. Business license and other permit collections were 77% of the budgeted amount, a 1% decrease over the same period last year. Business license renewal fees are due in July; therefore the higher percent of budget collected early in the year is normal. Motor Vehicle-in-Lieu revenues were only \$460,868, or 22% of the budgeted amount, which was 53% less than the amount received at this time last year. This drop in Motor Vehicle-in-Lieu fees was caused by the State's elimination of the "State backfill" for these fees for at least a three month period, resulting in much lower fees received by the City. A somewhat higher level of Motor Vehicle-in-Lieu fees should be received by the City over the rest of the fiscal year, as evidenced by the City's subsequent receipt of \$242,290 in January 2004. As of this date, the State's fiscal crisis continues to make this process complicated and problematic. Interest & Other Revenue were 40% of budget and reflect interest earnings only through September, since earnings for the quarter ended December will be posted following the end of the second quarter in January. Certain current year revenues have not yet been received this early in the year. Most gas & electric franchise fees and cable TV franchise fees will not be received by the City until later in the year.
- \* The General Fund expenditures and encumbrances to date totaled 48% of the budgeted appropriations. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year.
- \* Transient Occupancy (Hotel) Tax The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter of the current year amounted to \$270,117, or 30% of budget, which was 5% less than the prior year.
- \* Community Development Revenues were 62% of budget, which was 18% more than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 57% of budget; Building has expended or encumbered 45% of budget and Engineering 54%. Community Development has expended or encumbered a combined total of 52% of the 2003/04 budget, including \$288,326 in encumbrances. If encumbrances were excluded, Community Development would have spent only 43% of the combined budget.
- \* RDA and Housing Property tax increment revenues amounting to \$7,158,830 have been received as of December 31, 2003. Expenditures plus encumbrances totaled 60% of budget. If encumbrances totaling \$10,592,191 were excluded, the RDA would have spent only 38% of the combined budget. In July, the RDA spent \$3.4 million toward the Courthouse Project acquisition. In August, the Agency made a \$2.55 million installment payment toward the purchase of the Sports Fields Complex property. Through December, the Agency incurred \$4.3 million in acquisition and construction costs related to the Butterfield Blvd Phase IV Project and incurred \$2.5 million in costs associated with the construction of the Aquatics Complex. In July, the Agency also made a \$3 million loan to South County Housing for the Royal Court Housing Project.



#### CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04 FOR THE MONTH OF DECEMBER 2003 - 50% OF YEAR COMPLETE

- \* Water and Sewer Operations- Water Operations revenues, including service fees, were 66% of budget. Expenditures totaled 55% of appropriations. The higher level of water operations expenditures was primarily associated with the timing of perchlorate related expenditures. Sewer Operations revenues, including service fees, were 51% of budget. Expenditures for sewer operations were 53% of budget. The amount spent to date for sewer operations was high because it included a scheduled \$1.4 million August debt service payment on outstanding sewer bonds.
- \* Investments maturing/called/sold during this period. During the month of December, the City purchased \$2 million in new Federal agency investments. Further details of all City investments are contained on pages 6-8 of this report.



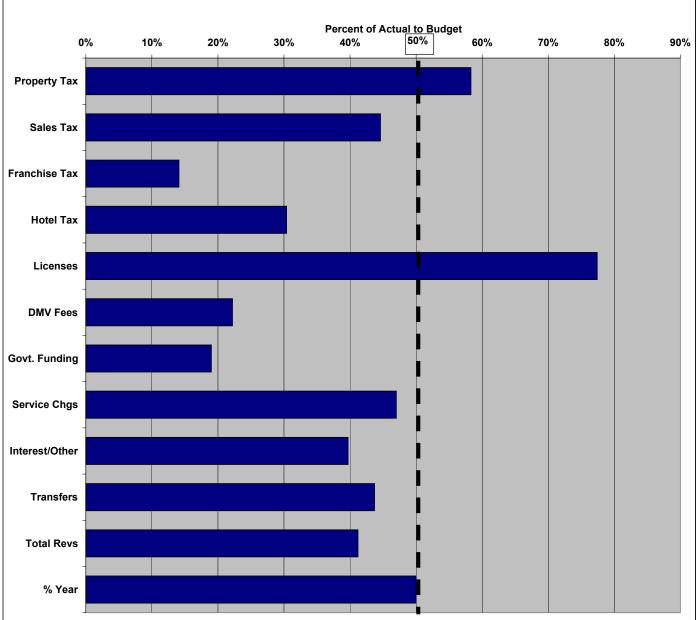
	REVENU	ES	EXPENS	ES	12/31/2003
		% OF	ACTUAL plus	% OF	UNRESTRICTED
FUND NAME	ACTUAL	BUDGET	ENCUMBRANCES	BUDGET	FUND BALANCE
				1	
General Fund	\$6,622,094	41%		48%	\$9,860,374
Community Development	1,417,359	62%	1,678,289	52%	1,290,800
RDA	5,603,550	24%	25,423,985	64%	(1,231,016)
Housing/CDBG	1,730,404	43%	3,959,436	77%	4,192,263
Sewer Operations	2,785,076	51%	4,017,356	53%	3,797,877
Sewer Other	1,452,636	117%	1,147,452	22%	11,653,619
Water Operations	4,703,659	66%	4,325,900	55%	2,957,139
Water Other	1,311,904	121%	3,009,512	41%	2,912,418
Other Special Revenues <sup>1</sup>	296,826	39%	860,972	34%	2,485,284
Capital Projects & Streets Funds	2,957,106	22%	4,767,594	21%	23,239,140
Debt Service Funds	2,032	1%	178,172	75%	332,239
Internal Service	1,796,307	44%	2,024,244	50%	4,364,049
Agency	74,834	3%	2,214,991	85%	3,060,561
TOTAL FOR ALL FUNDS	\$30.753.787	38%	\$61.506.128	48%	\$68.914.747

<sup>&</sup>lt;sup>1</sup> Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



#### **Morgan Hill YTD General Fund Revenues**

December 31, 2003 - 50% Year Complete

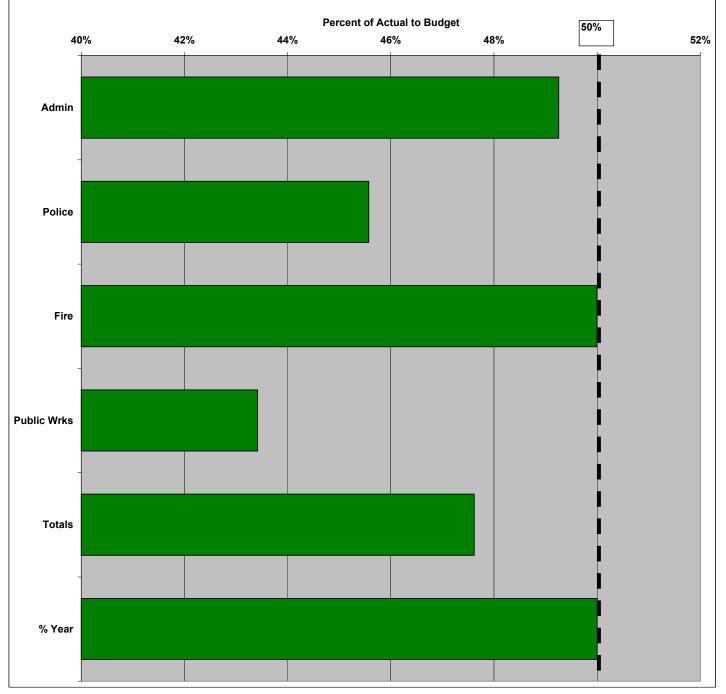


			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$2,440,000	\$1,422,204	58%	\$1,256,746	13%
SALES TAXES	\$4,923,000	\$2,195,015	45%	\$2,514,163	-13%
FRANCHISE FEE	\$961,180	\$135,208	14%	\$138,068	-2%
HOTEL TAX	\$890,000	\$270,117	30%	\$283,007	-5%
LICENSES/PERMITS	\$202,600	\$156,789	77%	\$158,053	-1%
MOTOR VEHICLE IN LIEU	\$2,080,000	\$460,868	22%	\$975,333	-53%
<b>FUNDING - OTHER GOVERNMENTS</b>	\$271,900	\$51,591	19%	\$25,112	105%
CHARGES CURRENT SERVICES	\$2,588,137	\$1,215,405	47%	\$1,061,277	15%
INTEREST & OTHER REVENUE	\$893,050	\$354,897	40%	\$224,892	58%
TRANSFERS IN	\$823,986	\$360,000	44%	\$163,732	120%
	•		•		•
TOTALS	\$16,073,853	\$6,622,094	41%	\$6,800,383	-3%



#### **Morgan Hill YTD General Fund Expenditures**

December 31, 2003 - 50% Year Complete



			Α	ctual Plus	
Expenditure Category		Budget	En	cumbrances	% of Budget
ADMINISTRATION		5,205,392		2,563,962	49%
POLICE		6,812,300		3,104,511	46%
FIRE		3,745,220		1,872,489	50%
PUBLIC WORKS		822,840		357,263	43%
	•			•	
TOTALS	\$	16.586.586	\$	7.898.225	48%



City of Morgan Hill Fund Activity Summary - Fiscal Year 2003/04 For the Month of December 31, 2003 50% of Year Completed

			Revenues		Expenses		Year to-Date	Ending Fur	nd Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-03	Actual	Budget	Actual	Budget	Carryover	Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted <sup>2</sup>
010	GENERAL FUND	\$11,136,505	\$6,622,094	41%	\$7,509,096	45%	(\$887,002)	\$389,129	\$9,860,374	\$11,007,940	\$4,150
TOTAL G	ENERAL FUND	<u>\$11,136,505</u>	<u>\$6,622,094</u>	<u>41%</u>	<u>\$7,509,096</u>	<u>45%</u>	<u>(\$887,002)</u>	<u>\$389,129</u>	<u>\$9,860,374</u>	<u>\$11,007,940</u>	<u>\$4,150</u>
202	STREET MAINTENANCE	\$1,683,131	\$784,418	57%	\$1,018,920	36%	(\$234,502)	\$975,398	\$473,231	\$1,250,683	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$485,350	\$101,993	92%	\$136,791	50%	(\$34,798)	7010,000	\$450,552	\$450,552	
206	COMMUNITY DEVELOPMENT	\$1.551.730	\$1,417,359	62%	\$1,389,963	43%	\$27,396	\$288,326	\$1,290,800	\$1,615,865	
207	GENERAL PLAN UPDATE	\$190,845	\$48,196	63%	\$12,474	6%	\$35,722	\$124,821	\$101,746	\$226,656	
210	COMMUNITY CENTER	\$360,157	\$1,446	23%	\$156,000	50%	(\$154,554)		\$205,603	\$205,603	
215 / 216	CDBG	\$636,136	\$5,817	4%	\$25,993	7%	(\$20,176)	607,787	\$8,173	\$184,593	
220	MUSEUM RENTAL	\$1,274	\$5	12%	\$995	41%	(\$990)	·	\$284	\$284	
225	ASSET SEIZURE	\$38,096	\$163	28%		n/a	\$163		\$38,259	\$38,259	
226	OES/FEMA	, ,	·				·		. ,	, ,	
229	LIGHTING AND LANDSCAPE	\$33,766	\$198	0%	\$71,279	43%	(\$71,081)	\$5,316	(\$42,631)	(\$37,027)	
232	ENVIRONMENT PROGRAMS	\$613,697	\$103,755	27%	\$151,178	30%	(\$47,423)	\$102,867	\$463,407	\$568,810	
234	MOBILE HOME PK RENT STAB.	\$9,808	\$5,173	82%	\$39,824	100%	(\$34,651)	\$22,705	(\$47,548)	(\$24,843)	
235	SENIOR HOUSING	\$255,610	\$1,093	16%		15%	\$1,093		\$256,703	\$254,553	
236	HOUSING IN LIEU	\$1,043,306	\$19,466	70%	-		\$19,466	15,000	\$1,047,772	\$1,062,772	
240	EMPLOYEE ASSISTANCE	\$8,921	\$15,338	76%	13,122	66%	\$2,216		\$11,137	\$8,527	
TOTAL S	PECIAL REVENUE FUNDS	\$6,911,827	\$2,504,420	<u>55%</u>	\$3,016,539	33%	(\$512,119)	\$2,142,220	\$4,257,488	\$5,805,287	
										"	
301	PARK DEV. IMPACT FUND	\$3,191,630	\$449,174	103%	\$115,027	5%	\$334,147	\$130,985	\$3,394,792		\$3,525,777
302	PARK MAINTENANCE	\$2,909,243	\$101,380	39%	\$50,000	25%	\$51,380		\$2,960,623	\$2,960,623	
303	LOCAL DRAINAGE	\$2,910,954	\$95,646	33%	\$7,486	0%	\$88,160		\$2,999,114		\$2,999,114
304	LOCAL DRAINAGE/NON-AB1600	\$3,276,514	\$73,664	47%	\$15,934	7%	\$57,730	\$27,000	\$3,307,244	\$3,214,244	
305	OFF-STREET PARKING	\$4,020	\$17	18%			\$17		\$4,037	\$4,038	
306	OPEN SPACE	\$458,488	\$73,608	128%			\$73,608	\$18,441	\$513,655	\$532,096	
309	TRAFFIC IMPACT FUND	\$2,826,115	\$902,169	136%	\$307,787	18%	\$594,382	\$352,230	\$3,068,267		\$3,406,706
311	POLICE IMPACT FUND	\$1,183,045	\$40,608	79%	\$13,815	1%	\$26,793	\$18,441	\$1,191,397		\$1,209,837
313	FIRE IMPACT FUND	\$2,603,859	\$123,468	83%	\$514,484	93%	(\$391,016)	\$13,254	\$2,199,589		\$2,212,843
317	REDEVELOPMENT AGENCY	\$20,860,548	\$5,603,550	24%	\$14,923,013	37%	(\$9,319,463)	12,772,101	(\$1,231,016)	\$9,286,936	
	HOUSING	\$24,240,428	\$1,724,587	45%	\$3,683,032	43%	(\$1,958,445)	18,097,893	\$4,184,090	\$4,280,859	
340	MORGAN HILL BUS.RANCH I	\$48,290	\$206	18%			\$206		\$48,496	\$48,497	
342	MORGAN HILL BUS.RANCH II	\$54,233	232	n/a			\$232		\$54,465	\$54,464	
346	PUBLIC FACILITIES NON-AB1600	\$1,332,714	\$33,758	0%	19,052		\$14,706	\$164,818	\$1,182,602	\$1,347,420	
347	PUBLIC FACILITIES IMPACT FUND	\$665,032	\$209,502	447%	\$118,908	7%	\$90,594	601,411	\$154,215		\$718,956
348	LIBRARY IMPACT FUND	\$414,456	\$37,763	123%	\$112	50%	\$37,651	E0 40E	\$452,107	04.000.404	\$452,107
350	UNDERGROUNDING	\$1,257,217	31,186	99%	\$219	0%	\$30,967	53,185	\$1,234,999	\$1,288,184	
360	COMM/REC CTR IMPACT FUND		307	99%		0%	\$307		\$307	\$307	
TOTAL C	APITAL PROJECT FUNDS	<u>\$68,236,786</u>	<u>\$9,500,825</u>	<u>24%</u>	<u>\$19,768,869</u>	<u>29%</u>	<u>(\$10,268,044)</u>	<u>\$32,249,759</u>	<u>\$25,718,983</u>	<u>\$23,017,668</u>	<u>\$14,525,340</u>
527	HIDDEN CREEK			n/a	T						
533	DUNNE/CONDIT			n/a							
536	ENCINO HILLS	\$68,027	\$290	18%			\$290		\$68,317	\$68,316	
539	MORGAN HILL BUS. PARK	\$11,867	\$50	11%			\$50		\$11,917	\$11,916	
542	SUTTER BUSINESS PARK	\$24,910	\$107	15%			\$107		\$25,017	\$25,017	
545	COCHRANE BUSINESS PARK	\$374,418	\$1,461	1%	\$147,110	75%	(\$145,649)		\$228,769	\$47,819	\$180,950
551	JOLEEN WAY	\$29,157	\$124	0%	\$31,062	77%	(\$30,938)		(\$1,781)	(\$19,030)	\$17,250
TOTAL D	EBT SERVICE FUNDS	\$508,379	\$2,032	1%	\$178,172	75%	(\$176,140)		\$332,239	\$134,038	\$198,200

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City of Morgan Hill Fund Activity Summary - Fiscal Year 2003/04 For the Month of December 31, 2003 50% of Year Completed

			Revenues	10700110	Expenses		Year to-Date	Ending Fur	d Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-03	Actual	Budget	Actual	Budget	Carryover	Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted <sup>2</sup>
			•	•	•						
640	SEWER OPERATIONS	\$16,004,091	\$2,785,076	51%	\$3,925,917	52%	(\$1,140,841)	\$11,065,373	\$3,797,877	\$3,324,508	\$1,898,349
641	SEWER IMPACT FUND	\$7,772,110	\$1,298,683	207%	\$265,430	7%	\$1,033,253	3,245,068	\$5,560,295	<del>+-,</del> -,	\$5,720,157
642	SEWER RATE STABILIZATION	\$3,804,228	\$16,266	18%	\$1,185	50%	\$15,081	-, -,	\$3,819,309	\$3,819,309	, , , , , ,
643	SEWER-CAPITAL PROJECTS	\$9,683,556	\$137,687	26%	\$347,442	21%	(\$209,755)	7,199,786	\$2,274,015	\$2,768,865	
650	WATER OPERATIONS	\$21,476,576	\$4,703,659	66%	\$3,618,817	7%	\$1,084,842	\$19,604,280	\$2,957,139	\$2,841,213	\$389,814
651	WATER IMPACT FUND	\$3,271,280	\$770,460	116%	\$403,530	15%	\$366,930	4,066,482	(\$428,273)		\$252,066
652	WATER RATE STABILIZATION	\$867,428	\$3,455	17%	\$425,275	50%	(\$421,820)		\$445,608	\$445,608	
653	WATER -CAPITAL PROJECT	\$9,092,130	\$537,989	134%	\$475,443	16%	\$62,546	6,259,593	\$2,895,083	\$3,920,026	
TOTAL E	NTERPRISE FUNDS	<u>\$71,971,399</u>	<u>\$10,253,275</u>	<u>69%</u>	<u>\$9,463,039</u>	<u>35%</u>	<u>\$790,236</u>	<u>\$51,440,582</u>	<u>\$21,321,053</u>	<u>\$17,119,529</u>	<u>\$8,260,386</u>
700	DATA PROCESSING	£420.020	#400 C00 I	50%	<b>#00.254</b>	2.40/	\$33,279	177,395	#204 040 I	\$417,245	
730	DATA PROCESSING	\$436,026	\$122,630		\$89,351	34%	. ,	,	\$291,910		
740	BUILDING MAINTENANCE	\$400,151	\$446,973	50%	\$184,333	28%	\$262,640	35,061	\$627,730	\$674,913	
745	CIP ADMINISTRATION	\$59,437	\$640,396	44%	\$640,396	41%	(#O COZ)	137,503	(\$78,066)	\$101,080	
760	UNEMPLOYMENT INS.	\$47,278	\$7,363	25%	\$15,990	53%	(\$8,627)	00.574	\$38,651	\$38,651	040.000
770	WORKER'S COMP.	\$6,147	\$234,986	34%	\$408,859	56%	(\$173,873)	32,574	(\$200,300)	\$384,895	\$40,000
790	EQUIPMENT REPLACEMENT	\$3,379,971	\$114,024	57%	\$42,878	16%	\$71,146	554,033	\$2,897,084	\$2,897,084	
793	CORPORATION YARD	\$264,851	\$39,640	25%	\$54,524	32%	(\$14,884)	235,313	\$14,654	\$8,538	
795	GEN'L LIABILITY INS.	\$856,668	\$190,295	49%	\$274,577	74%	(\$84,282)		\$772,386	\$1,098,203	
TOTAL IN	ITERNAL SERVICE FUNDS	<u>\$5,450,529</u>	<u>\$1,796,307</u>	<u>44%</u>	<u>\$1,710,908</u>	<u>42%</u>	<u>\$85,399</u>		<u>\$4,364,049</u>	<u>\$5,620,609</u>	<u>\$40,000</u>
820	SPECIAL DEPOSITS								1	\$761,550	
841	M.H. BUS.RANCH A.D.	\$1,649,856	\$6,036	1%	\$986,001	136%	(\$979,965)		\$669,891	\$91,565	\$578,325
842	M.H. BUS. RANCH II A.D.	\$107,240	\$421	1%	\$40,574	104%	(\$40,153)		\$67,087	\$7,574	\$59,513
843	M.H. BUS. RANCH 1998	\$1,492,569	\$3,402	39%	\$583,699	67%	(\$580,297)		\$912,272	\$26,229	\$886,035
845	MADRONE BP-TAX EXEMPT	\$1,312,253	\$2,942	0070	\$507,477	63%	(\$504,535)		\$807,718	\$8,450	\$798,673
846	MADRONE BP-TAXABLE	\$256,944	\$571	3%	\$97,240	56%	(\$96,669)		\$160,274	\$5,959	\$154,202
848	TENNANT AVE.BUS.PK A.D.	\$360,919	\$61,367	39%	Ψ07,210	na	\$61,367		\$422,286	\$422,286	ψ101,202
881	POLICE DONATION TRUST FUND	\$20,938	\$95	39%			\$95		\$21,033	<b>V</b> :22,200	\$21,033
TOTAL A	GENCY FUNDS	\$5,200,719	<u>\$74,834</u>	<u>3%</u>	\$2,214,991	<u>85%</u>	(\$2,140,157)		\$3,060,561	<u>\$1,323,613</u>	<u>\$2,497,781</u>
SUMMAR	RY BY FUND TYPE										
COMMAN	-	044 100 -0- 1	*********		AT 500 00 - 1	,	(0.53= 55=:1		#0.055.5= : <sup>II</sup>	044 00= 0 · · · · · · · · · · · · · · · · ·	****
	GENERAL FUND GROUP	\$11,136,505	\$6,622,094	41%	\$7,509,096	45%	(\$887,002)	\$389,129	\$9,860,374	\$11,007,940	\$4,150
	SPECIAL REVENUE GROUP	\$6,911,827	\$2,504,420	55%	\$3,016,539	33%	(\$512,119)	\$2,142,220	\$4,257,488	\$5,805,287	
	DEBT SERVICE GROUP	\$508,379	\$2,032	1%	\$178,172	75%	(\$176,140)	****	\$332,239	\$134,038	\$198,200
	CAPITAL PROJECTS GROUP	\$68,236,786	\$9,500,825	24%	\$19,768,869	29%	(\$10,268,044)	\$32,249,759	\$25,718,983	\$23,017,668	\$14,525,340
	ENTERPRISE GROUP	\$71,971,399	\$10,253,275	69%	\$9,463,039	35%	\$790,236	\$51,440,582	\$21,321,053	\$17,119,529	\$8,260,386
	INTERNAL SERVICE GROUP	\$5,450,529	\$1,796,307	44%	\$1,710,908	42%	\$85,399		\$4,364,049	\$5,620,609	\$40,000
	AGENCY GROUP	\$5,200,719	\$74,834	3%	\$2,214,991	85%	(\$2,140,157)		\$3,060,561	\$1,323,613	\$2,497,781
	TOTAL ALL GROUPS	<u>\$169,416,144</u>	<u>\$30,753,787</u>	<u>38%</u>	<u>\$43,861,614</u>	<u>34%</u>	<u>(\$13,107,827)</u>	<u>\$86,221,690</u>	<u>\$68,914,747</u>	<u>\$64,028,684</u>	<u>\$25,525,857</u>
	TOTAL CASH AND INVESTMENTS									<u>\$89,554,541</u>	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

<sup>&</sup>lt;sup>1</sup> Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

<sup>&</sup>lt;sup>2</sup> Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



Total

#### CITY OF MORGAN HILL CASH AND INVESTMENT REPORT FOR THE MONTH OF DECEMBER 2003 FOR THE FISCAL YEAR OF 2003-04

	Invested		Book Value	Investment Category	% of	Market
	in Fund	Yield	End of Month	Subtotal at Cost	Total	Value
<u>Investments</u>						
State Treasurer LAIF - City	All Funds Pooled	1.55%	\$34,467,805		38.48%	\$34,524,823
- RDA	RDA	1.55%	\$6,407,273		7.15%	\$6,417,873
- Corp Yard	Corp Yard	1.55%	\$51,809		0.06%	\$51,895
Federal Issues	All Funds Pooled	3.55%	\$40,204,851		44.89%	\$40,154,377
SVNB CD	All Funds Pooled	1.70%	\$2,000,000		2.23%	\$2,000,000
Money Market	All Funds Pooled	0.85%	\$3,230	\$83,134,968	0.00%	\$3,230
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund		0.75%	\$48,950		2.12%	\$1,898,350
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	0.71%	\$389,814		0.44%	\$389,814
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	0.71%	\$886,035		0.99%	\$886,035
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	0.71%	\$798,673		0.89%	\$798,673
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	0.71%	\$154,202	\$4,127,074	0.17%	\$154,202
Checking Accounts						
General Checking	All Funds		\$2,248,349		2.51%	\$2,248,349
Dreyfuss Treas Cash Management Account	All Funds				0.00%	\$0
Athens Administators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds	-	\$4,150	\$2,292,499	0.00%	\$4,150
Total Cash and Investments			<u>\$89,554,541</u>	<u>\$89,554,541</u>	<u>100.00%</u>	\$89,571,773

#### CASH ACTIVITY SUMMARY FY 03/04

		1100/04			
Fund Type	7/1/2003 Balance	Change in Cash Balance	12/31/03 Balance	Restricted	Unrestricted
General Fund	\$11,198,677	(\$186,587)	\$11,012,090	\$4,150	\$11,007,940
Community Development	\$1,598,168	\$17,697	\$1,615,865	\$0	\$1,615,865
RDA (except Housing)	\$18,789,948	(\$9,503,012)	\$9,286,936	\$0	\$9,286,936
Housing / CDBG	\$6,264,517	(\$1,799,065)	\$4,465,452	\$0	\$4,465,452
Water - Operations	\$2,197,360	\$1,033,667	\$3,231,027	\$389,814	\$2,841,213
Water Other	\$4,882,333	(\$264,633)	\$4,617,700	\$252,066	\$4,365,634
Sewer - Operations	\$6,399,908	(\$1,177,051)	\$5,222,857	\$1,898,349	\$3,324,508
Sewer Other	\$11,899,860	\$408,471	\$12,308,331	\$5,720,157	\$6,588,174
Other Special Revenue	\$3,011,901	(\$257,755)	\$2,754,146	\$0	\$2,754,146
Streets and Capital Projects (except RDA)	\$24,402,072	\$823,824	\$25,225,896	\$14,525,340	\$10,700,556
Assessment Districts	\$504,821	(\$172,583)	\$332,238	\$198,200	\$134,038
Internal Service	\$5,993,387	(\$332,778)	\$5,660,609	\$40,000	\$5,620,609
Agency Funds	\$5,943,872	(\$2,122,478)	\$3,821,394	\$2,497,781	\$1,323,613

(\$13,532,283)

\$89,554,541

\$25,525,857

\$64,028,684

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports. \*Market Value as of 11/30/03

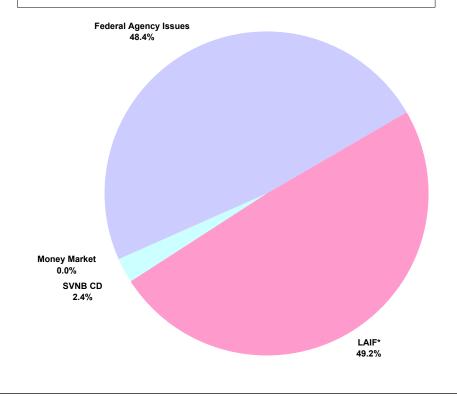
\$103,086,824

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by:		Approved by:		
	Lourdes Reroma Accountant I		Jack Dilles Director of Finance	
Verified by:				
	Tina Reza Assistant Director of Finance		Mike Roorda City Treasurer	



### CITY OF MORGAN HILL INVESTMENT PORTFOLIO DETAIL as of 12/31/03



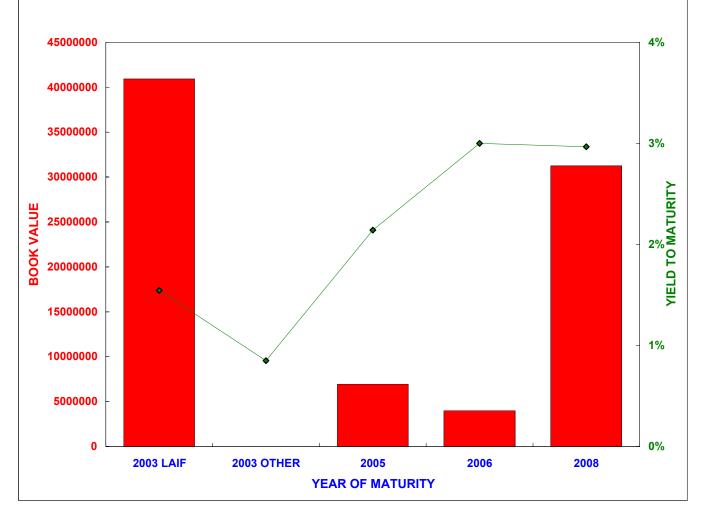
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
.,,,,,									ututy
LAIF*		\$40,926,887	49.23%	\$40,994,591	1.545%	\$369,262			0.003
SVNB CD	07/07/03	\$2,000,000	2.41%	\$2,000,000	1.700%	\$16,811		07/07/05	1.597
		. , ,				. ,			
Federal Agency Issues									
Fed Home Loan Bank	10/28/03	\$2,960,000	3.56%	\$2,947,065	2.050%	\$10,687	01/28/04	10/28/05	1.825
Fed Home Loan Bank	12/30/03	\$2,000,000	2.41%	\$2,002,500	2.718%	\$297	01/28/04	12/28/05	1.992
Fed Home Loan Bank	10/28/03	\$4,000,000	4.81%	\$4,003,760	3.000%	\$21,311	01/26/04	10/26/06	2.819
Fed Home Loan Bank	02/04/03	\$2,000,000	2.41%	\$2,000,000	3.900%	\$39,119	anytime	02/04/08	4.096
Fed Home Loan Bank	03/11/03	\$2,000,000	2.41%	\$2,003,760	3.500%	\$35,234	03/11/04	03/11/08	4.195
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.41%	\$2,007,620	3.500%	\$35,232	03/12/04	03/12/08	4.197
Fed Home Loan Bank	03/26/03	\$2,000,000	2.41%	\$1,996,880	3.375%	\$33,946	03/26/04	03/26/08	4.236
Fed Home Loan Mgt Corp	04/08/03	\$2,000,000	2.41%	\$2,013,120	3.700%	\$37,202	04/08/04	04/08/08	4.271
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.41%	\$2,012,600	3.600%	\$36,197	04/16/04	04/16/08	4.293
Fed Home Loan Mgt Corp	04/17/03	\$1,994,851	2.40%	\$2,011,040	3.625%	\$37,716	04/17/04	04/17/08	4.296
Fed Farm Credit Bank	05/14/03	\$2,000,000	2.41%	\$2,000,000	3.650%	\$36,605	anytime	05/14/08	4.370
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.41%	\$1,983,120	3.210%	\$32,275	01/03/04	06/03/08	4.425
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.41%	\$1,961,880	2.950%	\$29,661	01/30/04	06/12/08	4.449
Fed Home Loan Bank	07/30/03	\$2,000,000	2.41%	\$1,963,120	3.000%	\$25,272	01/30/04	07/30/08	4.581
Fed Home Loan Bank	07/30/03	\$2,000,000	2.41%	\$1,981,260	3.243%	\$27,546	01/30/04	07/30/08	4.581
Fed Home Loan Bank	07/30/03	\$2,000,000	2.41%	\$1,990,000	3.400%	\$28,641	01/30/04	07/30/08	4.581
Fed Home Loan Bank	08/04/03	\$2,000,000	2.41%	\$2,001,880	3.650%	\$29,755	02/04/04	08/04/08	4.595
Fed Home Loan Bank	08/14/03	\$1,250,000	1.50%	\$1,253,512	3.690%	\$17,548	02/14/04	08/14/08	4.622
Fed Home Loan Bank	10/15/03	\$2,000,000	2.41%	\$2,021,260	4.000%	\$8,525	10/15/04	10/15/08	4.792
Redeemed FY 03/04						\$41,384			
Sub Total/Average		\$40,204,851	48.36%	\$40,154,377	3.545%	\$564,153			3.937
Money Market		\$3,230	0.00%	\$3,230	0.850%	\$6,515			0.003
money market		Ψ5,230	J.00 /0	ψυ,230	0.030 /0	ψ0,515			0.003
TOTAL/AVERAGE		\$83,134,968	100.00%	\$83,152,198	2.199%	\$956,741			1.942

<sup>\*</sup>Per State Treasurer Report dated 12/31/2003, LAIF had invested approximately 16% of its balance in Treasury Bills and Notes, 14% in CDs, 22% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 48% in others.



#### **CITY OF MORGAN HILL**

**INVESTMENT MATURITIES AS OF DECEMBER 31, 2003** 



YEAR OF	BOOK	MARKET	AVERAGE	% OF
MATURITY	VALUE	VALUE	RATE	TOTAL
2003 LAIF	\$40,926,887	\$40,994,591	1.545%	49.23%
2003 OTHER	\$3,230	\$3,230	0.850%	0.00%
2005	\$6,960,000	\$6,949,565	2.141%	8.37%
2006	\$4,000,000	\$4,003,760	3.000%	4.81%
2008	\$31,244,851	\$31,179,792	2.966%	37.58%
TOTAL	\$83,134,968	\$83,130,938	2.199%	100.00%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDG
010 GENERAL FUND							
TAXES							
Property Taxes - Secured/Unsecured/Prio	1,972,200	1,972,200	1,189,621	60%	1,100,356	89,265	8%
Supplemental Roll	200,000	200,000	40,920	20%	45,850	(4,930)	-11%
Sales Tax	4,650,000	4,650,000	2,091,417	45%	2,390,401	(298,984)	
Public Safety Sales Tax	273,000	273,000	103,598	38%	123,762	(20,164)	
Transient Occupancy Taxes	890,000	890,000	270,117	30%	283,007	(12,890)	
Franchise (Refuse ,Cable ,PG&E)	961,180	961,180	135,208	14%	138,068	(2,860)	
Property Transfer Tax  TOTAL TAXES	267,800 <b>9,214,180</b>	267,800 <b>9,214,180</b>	191,663 <b>4,022,544</b>	<u>72%</u> <b>44%</b>	<u>110,540</u> <b>4,191,984</b>	81,123 (169,440)	<u>73%</u> <b>-4%</b>
	0,214,100	0,214,100	1,022,011	4-170	4,101,004	(100,110)	-770
LICENSES/PERMITS	154 500	154 500	120 476	000/	141 640	(2.164)	-2%
Business License Other Permits	154,500 48,100	154,500 48,100	139,476 17,313	90%	141,640 16,413	(2,164) 900	
TOTAL LICENSES/PERMITS	202,600	202,600	156,789	<u>36%</u> <b>77%</b>	158,053	(1,264)	<u>5%</u> -1%
FINES AND PENALTIES  Parking Enforcement	12 400	12 400	6 560	400/	1 107	2 202	570/
City Code Enforcement	13,400 77,300	13,400 77,300	6,569 15,966	49% 21%	4,187 25,232	2,382 (9,266)	57% -37%
Business tax late fee/other fines	2,600	2,600	517	21% 20%	1,406	(889)	-63%
TOTAL FINES AND PENALTIES	93,300	93,300	23,052	25%	30,825	(7,773)	
	,	,	,,,,,,			( , -,	
OTHER AGENCIES	0.000.000	0.000.000	400.000	000/	075 000	(54.4.405)	500/
Motor Vehicle in-Lieu	2,080,000	2,080,000	460,868	22%	975,333	(514,465)	
Other Revenue - Other Agencies  TOTAL OTHER AGENCIES	271,900 <b>2,351,900</b>	271,900 <b>2,351,900</b>	51,591 <b>512,459</b>	<u>19%</u> <b>22%</b>	25,112 1,000,445	26,479 (487,986)	<u>105%</u> <b>-49%</b>
OUADOES OUDDENT SEDVICES							
CHARGES CURRENT SERVICES	04.700	24.700	7 500	200/	0.400	(4.000)	200/
False Alarm Charge	24,700 20,900	24,700	7,529	30%	9,428	(1,899)	
Business License Application Review Recreation Classes	338,784	20,900 338,784	12,180 82,147	58% 24%	10,936 32,822	1,244 49,325	11% 150%
General Administration Overhead	2,007,978	2,007,978	1,003,989	50%	927,967	76,022	8%
Other Charges Current Services	195,77 <u>5</u>	195,775	109,560	<u>56%</u>	80,124	29,436	37%
TOTAL CURRENT SERVICES	2,588,137	2,588,137	1,215,405	47%	1,061,277	154,128	15%
OTHER REVENUE							
Use of money/property	775,550	775,550	319,912	41%	176,357	143,555	81%
Other revenues	24,200	24,200	11,933	49%	17,710	(5,777)	-33%
TOTAL OTHER REVENUE	799,750	799,750	331,845	41%	194,067	137,778	71%
TRANSFERS IN							
Park Maintenance	200,000	200,000	50,000	25%	25,000	25,000	100%
Sewer Enterprise	17,500	17,500	8,750	50%	8,750	-	n/a
Water Enterprise	17,500	17,500	8,750	50%	8,750	-	n/a
Public Safety	273,000	273,000	136,500	50%	121,232	15,268	13%
Community Cultural Center	312,000	312,000	156,000	50%	-	156,000	n/a
Other Funds	3,986	3,986		<u>n/a</u>			<u>n/a</u>
TOTAL TRANSFERS IN	823,986	823,986	360,000	44%	163,732	196,268	120%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGE
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	653,400	653,400	340,349	52%	360,417	(20,068)	-6%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a	-	-	n/a
Transfers In	700,000	700,000	325,000	46%	394,250	(69,250)	-18%
Project Reimbursement		-	106,236	n/a	-	106,236	n/a
Interest / Other Revenue/Other Charges	14,861	14,861	12,833	<u>86%</u>	85,877	(73,044)	<u>-85%</u>
02 STREET MAINTENANCE	1,368,261	1,368,261	784,418	57%	840,544	(56,126)	-7%
204/205 PUBLIC SAFETY TRUST							
Interest Income	9,956	9,956	1,993	20%	5,608	(3,615)	-64%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip.Grant	-	-	-	n/a	20,765	(20,765)	-100%
Federal Police Grant (COPS)	-	-	-	n/a	-	-	n/a
Transfers In		834		<u>n/a</u>	<u>-</u>		<u>n/a</u>
204/205 PUBLIC SAFETY TRUST	109,956	110,790	101,993	92%	126,373	(24,380)	-19%
206 COMMUNITY DEVELOPMENT							
Building Fees	1,100,500	1,100,500	1,006,028	91%	584,214	421,814	72%
Planning Fees	616,496	616,496	241,812	39%	275,937	(34,125)	-12%
Engineering Fees	519,600	519,600	146,217	28%	328,075	(181,858)	-55%
Other Revenue/Current Charges	9,763	9,763	8,302	85%	17,305	(9,003)	-52%
<u>Transfers</u>	30,000	30,000	15,000	<u>50%</u>	<u>-</u> _	15,000	<u>n/a</u>
206 COMMUNITY DEVELOPMENT	2,276,359	2,276,359	1,417,359	62%	1,205,531	211,828	18%
207 GENERAL PLAN UPDATE	76,087	76,087	48,196	63%	58,602	(10,406)	-18%
215 and 216 HCD BLOCK GRANT							
HCD allocation	152,000	152,000		n/a	_	-	n/a
Interest Income/Other Revenue	3,900	3,900	5,817	149%	14,809	(8,992)	-61%
Transfers	782	782	-	<u>n/a</u>	-	-	n/a
215 and 216 HCD BLOCK GRANT	156,682	156,682	5,817	4%	14,809	(8,992)	-61%
210 COMMUNITY CENTER	6,198	6,198	1,446	23%	107,213	(105,767)	-99%
220 MUSEUM RENTAL	41	41	5	12%	32	(27)	-84%
225 ASSET SEIZURE	583	583	163	28%	497	(334)	-67%
226 OES/FEMA	-	-	-	n/a	-	•	n/a
229 LIGHTING AND LANDSCAPE	127,770	127,770	198	0%	540	(342)	-63%
232 ENVIRONMENTAL PROGRAMS	387,209	387,209	103,755	27%	132,178	(28,423)	-22%
34 MOBILE HOME PARK RENT STAB.	6,298	6,298	5,173	82%	6,256	(1,083)	-17%
235 SENIOR HOUSING	6,897	6,897	1,093	16%	2,062	(969)	-47%
236 HOUSING MITIGATION	27,775	27,775	19,466	70%	9,033	10,433	115%
240 EMPLOYEE ASSISTANCE	20,162	20,162	15,338	76%	40,237	(24,899)	-62%
TOTAL SPECIAL REVENUE FUNDS	4,570,278	4,571,112	2,504,420	55%	2,543,907	(39,487)	-2%



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FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	<b>AMENDED</b>	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	435,072	435,072	449,174	103%	222,881	226,293	102%
302 PARK MAINTENANCE	257,923	257,923	101,380	39%	150,789	(49,409)	-33%
303 LOCAL DRAINAGE	291,028	291,028	95,646	33%	203,419	(107,773)	-53%
304 LOCAL DRAINAGE/NON AB1600	157,378	157,378	73,664	47%	143,990	(70,326)	-49%
305 OFF-STREET PARKING	95	95	17	18%	34	(17)	-50%
306 OPEN SPACE	57,428	57,428	73,608	128%	2,151	71,457	3322%
309 TRAFFIC MITIGATION	662,507	662,507	902,169	136%	267,004	635,165	238%
311 POLICE MITIGATION	51,569	51,569	40,608	79%	45,152	(4,544)	-10%
313 FIRE MITIGATION	147,884	147,884	123,468	83%	111,510	11,958	11%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	14,086,573	14,086,573	5,488,793	39%	6,415,034	(926,241)	-14%
Development Agreements			-	n/a	-	-	n/a
Interest Income, Rents			93,787	n/a	136,529	(42,742)	-31%
Other Agencies/Current Charges	9,450,000	9,450,000	20,970	<u>0%</u>	4,549	16,421	<u>361%</u>
317 RDA CAPITAL PROJECTS	23,536,573	23,536,573	5,603,550	24%	6,556,112	(952,562)	-15%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	3,791,085	3,791,085	1,670,037	44%	1,605,444	64,593	4%
Interest Income, Rent	45,364	45,364	53,656	118%	47,730	5,926	12%
<u>Other</u>	90	90	894	<u>993%</u>	540	354	<u>66%</u>
327/328 RDA L/M HOUSING	3,836,539	3,836,539	1,724,587	45%	1,653,714	70,873	4%
346 PUBLIC FACILITIES NON-AB1600	9,875,877	9,875,877	33,758	0%	47,182	(13,424)	-28%
347 PUBLIC FACILITIES	46,900	46,900	209,502	447%	44,446	165,056	371%
348 LIBRARY	30,782	30,782	37,763	123%	18,481	19,282	104%
350 UNDERGROUNDING	31,495	31,495	31,186	99%	44,962	(13,776)	-31%
340 MORGAN HILL BUS.RANCH CIP I	1,144	1,144	206	18%	409	(203)	-50%
342 MORGAN HILL BUS.RANCH CIP II	1,282	1,282	232	18%	460	(228)	-50%
360 COMMUNITY/REC IMPACT FUND			307	n/a	-	307	n/a
TOTAL CAPITAL PROJECTS FUNDS	39,421,476	39,421,476	9,500,825	24%	9,512,696	(11,871)	0%
DEBT SERVICE FUNDS							
527 HIDDEN CREEK	_	_	_	n/a	_	-	n/a
533 DUNNE AVE. / CONDIT ROAD	-	-	-	n/a	_	-	n/a
536 ENCINO HILLS	1,631	1,631	290	18%	576	(286)	-50%
539 MORGAN HILL BUSINESS PARK	447	447	50	11%	99	(49)	-49%
542 SUTTER BUSINESS PARK	730	730	107	15%	211	(104)	
545 COCHRANE BUSINESS PARK	119,887	119,887	1,461	1%	4,228	(2,767)	
551 JOLEEN WAY	34,955	34,955	124	0%	271	(2,767)	
WI SOLLLIN WAT	34,933	J <del>4</del> ,9J5	124	U /0	211	(147)	-34 /0
TOTAL DEBT SERVICE FUNDS	157,650	157,650	2,032	1%	5,385	(3,353)	-62%



CITT OF MORGAN HILL	50% of fear Co	inpieteu					
FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	% OF BUDGET	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,321,460	5,321,460	2,672,060	50%	2,556,665	115,395	5%
Interest Income	51,960	51,960	16,726	32%	38,102	(21,376)	-56%
Sewer Rate Stabilization	-	-	-	n/a	-	-	n/a
Other Revenue/Current Charges	113,950	113,950	96,290	<u>85%</u>	74,510	21,780	29%
640 SEWER OPERATION	5,487,370	5,487,370	2,785,076	51%	2,669,277	115,799	4%
641 SEWER EXPANSION							
Interest Income	26,580	26,580	21,876	82%	52,851	(30,975)	-59%
Connection Fees	600,000	600,000	1,276,477	213%	236,102	1,040,375	441%
Other	-	-	330	n/a	396	(66)	
641 SEWER EXPANSION	626,580	626,580	1,298,683	207%	289,349	1,009,334	349%
642 SEWER RATE STABILIZATION	89,558	89,558	16,266	18%	30,432	(14,166)	-47%
	-	-	•	/			
643 SEWER-CAPITAL PROJECT	525,416	525,416	137,687	26%	157,023	(19,336)	-12%
TOTAL SEWER FUNDS	6,728,924	6,728,924	4,237,712	63%	3,146,081	1,091,631	35%
650 WATER OPERATION							
Water Sales	5,738,350	5,738,350	3,963,477	69%	3,619,512	343,965	10%
Meter Install & Service	40,000	40,000	24,961	62%	29,494	(4,533)	-15%
Transfers-In, and Interest Income	1,045,785	1,045,785	540,483	52%	128,251	412,232	321%
Other Revenue/Current Charges	249,584	249,584	174,738	<u>70%</u>	196,857	(22,119)	<u>-11%</u>
650 WATER OPERATION	7,073,719	7,073,719	4,703,659	66%	3,974,114	729,545	18%
CC4 WATER EXPANSION							
651 WATER EXPANSION Interest Income/Other Revenue/Transfer	501 902	E01 902	560 909	1120/	125 594	125 211	347%
	501,803 160,000	501,803 160,000	560,898 209,562	112%	125,584 71,374	435,314	
Water Connection Fees				131%		138,188	<u>194%</u>
651 WATER EXPANSION	661,803	661,803	770,460	116%	196,958	573,502	291%
652 Water Rate Stabilization	20,517	20,517	3,455	17%	7,359	(3,904)	-53%
653 Water Capital Project	402,395	402,395	537,989	134%	335,923	202,066	60%
TOTAL WATER FUNDS	8,158,434	8,158,434	6,015,563	74%	4,514,354	1,501,209	33%
TOTAL ENTERPRISE FUNDS	14,887,358	14,887,358	10,253,275	69%	7,660,435	2,592,840	34%
TOTAL ENTERPRISE TORDS	14,007,330	14,007,330	10,233,273	03 /6	7,000,433	2,332,040	<b>34</b> /0
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	245,262	245,262	122,630	50%	190,594	(67,964)	-36%
740 BUILDING MAINTENANCE SERVICES	891,042	891,042	446,973	50%	418,601	28,372	7%
745 CIP ADMINISTRATION	1,447,120	1,447,120	640,396	44%	591,738	48,658	8%
760 UNEMPLOYMENT INSURANCE	29,452	29,452	7,363	25%	-	7,363	n/a
770 WORKERS COMPENSATION	687,700	687,700	234,986	34%	223,210	11,776	5%
790 EQUIPMENT REPLACEMENT	198,367	198,367	114,024		270,199	(156,175)	-58%
793 CORPORATION YARD COMMISSION	160,005	160,005	39,640	25%	852,548	(812,908)	-95%
795 GENERAL LIABILITY INSURANCE	389,927	389,927	190,295	49%	173,899	16,396	9%
TOTAL INTERNAL SERVICE FUNDS	4,048,875	4,048,875	1,796,307	44%	2,720,789	(924,482)	-34%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	736,175	736,175	6,036	1%	12,386	(6,350)	-51%
842 M.H. BUS.RANCH A.D. II	37,177	37,177	421	1%	2,044	(1,623)	-79%
843 M.H. BUS.RANCH 1998	883,205	883,205	3,402	0%	9,094	(5,692)	-63%
845 MADRONE BP-TAX EXEMPT	807,439	807,439	2,942	0%	(26,679)	29,621	-111%
846 MADRONE BP-TAXABLE	167,254	167,254	571	0%	35,599	(35,028)	-98%
848 TENNANT AVE.BUS.PK A.D.	39,523	39,523	61,367	155%	2,772	58,595	2114%
881 POLICE DONATION TRUST FUND	245	245	95	39%	178	(83)	-47%
TOTAL AGENCY FUNDS	2,671,018	2,671,018	74,834	3%	35,394	39,440	111%
TOTAL FOR ALL FUNDS	81,830,508	81,831,342	30,753,787	38%	29,278,989	1,630,555	6%



FUND MONTH NO. FUND/ACTIVITY ACTUAL ADOPTED AMENDED YTD OUTSTANDING TOTAL							THIS		
NO. FUND/ACTIVITY ACTUAL ADOPTED AMENDED YTD OUTSTANDING TOTAL	PERCENT OF						MONTH		UND
	TOTAL TO	TOTAL	OUTSTANDING	YTD	<b>AMENDED</b>	ADOPTED	ACTUAL	FUND/ACTIVITY	NO.
EXPENSES BUDGET BUDGET EXPENSES ENCUMBRANCE ALLOCATED	BUDGET	ALLOCATED	ENCUMBRANCE	<b>EXPENSES</b>	BUDGET	BUDGET	EXPENSES		

010 GENERAL FUND							
I. GENERAL GOVERNMENT							
COUNCIL AND MISCELLANEOUS GOVT							
City Council	15,351	194,400	194,400	103,652	22,425	126,077	65%
Community Promotions	1,135	31,542	31,542	10,159	<u>-</u>	10,159	<u>32%</u>
COUNCIL AND MISCELLANEOUS GO	16,486	225,942	225,942	113,811	22,425	136,236	60%
CITY ATTORNEY	51,954	615,917	615,917	271,143	89,286	360,429	<u>59%</u>
CITY MANAGER							
City Manager	29,757	391,162	391,162	183,862	404	184,266	47%
Cable Television	907	45,236	46,986	21,223	19,573	40,796	87%
Communications & Marketing	7,562	106,576	106,576	46,299	18,721	65,020	<u>61%</u>
CITY MANAGER	38,226	542,974	544,724	251,384	38,698	290,082	53%
RECREATION							
Recreation	35,124	455,503	463,468	207,442	6,723	214,165	46%
Community & Cultural Center	53,827	739,223	766,023	260,123	131,327	391,450	51%
Aquatics Center	320	273,890	273,890	5,845		5,845	2%
Building Maintenance (CCC)	38,423	416,108	427,967	243,483	43,651	287,134	<u>67%</u>
RECREATION	127,694	1,884,724	1,931,348	716,893	181,701	898,594	47%
HUMAN RESOURCES							
Human Resources	44,259	582,687	582,687	282,489		282,489	48%
Volunteer Programs	1,485	34,442	34,442	11.642	_	11,642	34%
HUMAN RESOURCES	45,744	617,129	617,129	294,131		294,131	48%
CITY OF EDIA							
CITY CLERK	47.544	000.070	000 500	440.005	004	440.000	000/
City Clerk	17,511	302,672	303,533	118,035	861	118,896	39%
Elections CITY CLERK	3,108 <b>20,619</b>	70,576 <b>373,248</b>	70,576 <b>374,109</b>	19,015 137,050	861	19,015 137,911	27% <b>37%</b>
OH I GLERK	20,013	373,240	374,103	137,030	001	107,311	37 /0
FINANCE	69,141	889,208	891,223	443,816	2,763	446,579	50%
MEDICAL SERVICES	-		5,000		-	-	n/a
TOTAL GENERAL GOVERNMENT	369,864	5,149,142	5,205,392	2,228,228	335,734	2,563,962	49%
II. PUBLIC SAFETY							
POLICE							
PD Administration	35,236	101 711	491,711	229,148		229,148	47%
Patrol		491,711	3,274,188		- 17 007		47%
Support Services	259,657 68,724	3,207,070 897,092	3,274,188 897,092	1,492,719 398.481	17,907 6,937	1,510,626 405,418	46% 45%
• •				, -			
Emergency Services/Haz Mat	5,746	33,858 1,176,399	33,858	26,706	4,013	30,719 509,977	91% 43%
Special Operations Animal Control	69,641 5,392	76,159	1,179,974 76,159	509,977 36,029	-	36,029	43% 47%
			859,318	381,494	1 100	382,594	
Dispatch Services POLICE	49,116 <b>493,512</b>	858,218 <b>6,740,507</b>	6,812,300	3,074,554	1,100 <b>29,957</b>	3,104,511	<u>45%</u> <b>46%</b>
1 02.02	430,012	0,140,001	0,012,000	0,014,004	20,007	0,104,011	4070
FIRE	312,081	3,745,220	3,745,220	1,872,489	-	1,872,489	50%
TOTAL PUBLIC SAFETY	805,593	10,485,727	10,557,520	4,947,043	29,957	4,977,000	47%
III. COMMUNITY IMPROVEMENT							
PARK MAINTENANCE	35,277	810,323	822,840	333,825	23,438	357,263	43%
TOTAL COMMUNITY IMPROVEMENT	35,277	840 222	822,840	333 025	22 420	357,263	120/
TOTAL COMMUNITY IMPROVEMENT	35,277	810,323	822,840	333,825	23,438	357,263	43%



		THIS						
FUND	FUND A OTIVITY	MONTH	4 D O D T E D	AMENDED	VTD	CUTOTANDING	TOTAL	PERCENT OF
NO.	FUND/ACTIVITY	ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL	TOTAL TO BUDGET
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCOMBRANCE	ALLOCATED	BODGET
IV. TRA	ANSFERS							
	Dublic Octob			004				- 1-
	Public Safety			834		-	-	n/a
						-	-	n/a
						-	-	<u>n/a</u>
TC	OTAL TRANSFERS	-	-	834	-	-	-	n/a
TOTAL (	GENERAL FUND	1,210,734	16,445,192	16,586,586	7,509,096	389,129	7,898,225	48%
SPECIAL	L REVENUE FUNDS							
202 STR	EET MAINTENANCE	<b>70.107</b>	4 500 700	4 070 000	0.10.070	404.470	7.5.4.5	450/
	Street Maintenance/Traffic	73,427	1,533,793	1,672,928	610,673	134,472	745,145	45% 41%
	Congestion Management Street CIP	3,869 148,218	78,868 514,800	78,868 1,111,206	32,628 375,610	840.926	32,628	41% 109%
202 STR	REET MAINTENANCE	225,514	514,800 <b>2,127,461</b>	2,863,002	375,619 <b>1,018,920</b>	975,398	1,216,545 1,994,318	70%
		,0.14	_, , +0 1	_,000,002	.,0.0,020	0.0,000	.,00-1,010	/0
204/205	PUBLIC SAFETY/SUPP.LAW	22,799	273,582	273,582	136,791		136,791	50%
206 COI	MMUNITY DEVELOPMENT FUND							
	Planning	85,060	979,437	1,129,767	545,686	99,610	645,296	57%
	Building	65,659	956,070	1,016,487	400,722	57,584	458,306	45%
000 001	PW-Engineering	76,887	1,029,375	1,072,275	443,555	131,132	574,687	<u>54%</u>
206 COI	MMUNITY DEVELOPMENT FUND	227,606	2,964,882	3,218,529	1,389,963	288,326	1,678,289	52%
207	GENERAL PLAN UPDATE	1,953	71,257	197,413	12,474	124,821	137,295	70%
210	COMMUNITY CENTER	26,000	312,000	312,000	156,000	,0	156,000	50%
215/216	CDBG	6,386	195,769	385,942	25,993	159,192	185,185	48%
220	MUSEUM RENTAL	165	2,422	2,422	995	-	995	41%
225	ASSET SEIZURE		,	,		-	-	n/a
226	OES/FEMA	-	-	-	-	-	-	n/a
229	LIGHTING AND LANDSCAPE	7,631	154,755	167,001	71,279	5,316	76,595	46%
232	ENVIRONMENT PROGRAMS	14,374	452,029	499,894	151,178	102,867	254,045	51%
234	MOBILE HOME PARK	138	39,661	39,661	39,824	22,705	62,529	158%
235	SENIOR HOUSING TRUST FUN	2,150	14,300	14,300	2,150	6,450	8,600	60%
236	HOUSING MITIGATION FUND	-	1,033,497	1,033,497	-	15,000	15,000	1%
240	EMPLOYEE ASSISTANCE	1,622	20,000	20,000	13,122	-	13,122	66%
TOTAL S	SPECIAL REVENUE FUNDS	536,338	7,661,615	9,027,243	3,018,689	1,700,075	4,718,764	52%
		000,000	1,001,010	0,021,210	0,010,000	1,1 00,010	.,,	0270
CADITAI	L DDO JECT EUNDS							
CAPITAL	L PROJECT FUNDS							
301	PARK DEVELOPMENT	41,172	1,570,296	2,192,254	115,027	130,985	246,012	11%
302	PARK MAINTENANCE	,	200,000	200,000	50,000	-	50,000	25%
303	LOCAL DRAINAGE	853	2,028,393	2,261,893	7,486	-	7,486	0%
304	LOCAL DRAIN. NON-AB1600	2,656	191,868	218,868	15,934	27,000	42,934	20%
305	OFF STREET PARKING	-	3,986	3,986	-	-	-	n/a
309	TRAFFIC MITIGATION	57,100	936,333	1,720,135	307,787	352,230	660,017	38%
311	POLICE MITIGATION	1,047	1,206,645	1,226,645	13,815	18,441	32,256	3%
313	FIRE MITIGATION	506,361	401,545	551,545	514,484	13,254	527,738	96%
317	RDA BUSINESS ASSISTANCE	676,104	27,346,151	39,964,614	14,923,013	10,500,972	25,423,985	64%
327/328	RDA HOUSING	87,474	4,592,332	8,538,767	3,683,032	91,219	3,774,251	44%
346	PUBLIC FAC.NON AB1600	2,945	9,808,000	9,808,000	19,052	164,818	183,870	2%
347	PUBLIC FACILITIES	3,143	831,229	1,780,763	118,908	850,539	969,447	54%
348	LIBRARY IMPACT	19	225	225	112	-	112	50%
350	UNDERGROUNDING	36	190,437	190,437	219	53,185	53,404	28%
TOTAL	CAPITAL PROJECTS FUNDS	1,378,910	49,307,440	68,658,132	19,768,869	12,202,643	31,971,512	47%
. U IAL		1,070,010	10,001,110	00,000,102	10,100,000	12,202,040	01,011,012	-11 /0



FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	PERCENT O
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
DEBT SE	ERVICE FUNDS							
527	HIDDEN CREEK A.D.	-	_	_	_	_	_	n/a
536	ENCINO HILLS A.D.	_	_	_	_	-	_	n/a
539	MORGAN HILL BUS. PARK A.D	_	_	_	_	-	_	n/a
542	SUTTER BUS. PARK A.D.	-	-	_	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	628	195,805	195,805	147,110	-	147,110	75%
551	JOLEEN WAY A.D.	628	40,540	40,540	31,062	-	31,062	77%
TOTAL [	DEBT SERVICE FUNDS	1,256	236,345	236,345	178,172	-	178,172	75%
ENTERP	PRISE FUNDS							
SEWED								
SEWER 640	SEWER OPERATION	387,266	7,418,125	7,513,797	3,925,917	91,439	4,017,356	53%
540 541	CAPITAL EXPANSION	2,416	3,576,249	3,697,697	265,430	38,545	303,975	53% 8%
642	SEWER RATE STABILIZATION	197	2,369	2,369	1,185	30,345	1,185	50%
542 543	SEWER RATE STABILIZATION SEWER-CAPITAL PROJECTS	36,455	437,843	1,616,022	347,442	494,850	842,292	50% 52%
	SEWER FUND(S)	426,334	11,434,586	12,829,885	4,539,974	624.834	5,164,808	<del>52%</del> 40%
OIALS	SEVVER FUND(S)	420,334	11,434,366	12,023,005	4,535,574	024,034	5, 104,008	4U 70
VATER	Water Operations Division	364,782	6,213,247	6,738,996	3.224.274	454,778	3,679,052	55%
	Meter Reading/Repair	43,939	637,156	669,538	214,340	235,613	449,953	67%
	Utility Billing	26,757	391,570	394,863	179,590	16,692	196,282	50%
	Water Conservation	102	8,213	8,213	613	-	613	<u>7%</u>
50	WATER OPERATIONS	435,580	7,250,186	7,811,610	3,618,817	707,083	4,325,900	55%
551	CAPITAL EXPANSION	40,672	1,546,253	2,652,299	403,530	680,320	1,083,850	41%
552	WATER RATE STABILIZATION	70,879	850,551	850,551	425,275	-	425,275	50%
553	WATER-CAPITAL PROJECTS	16,404	2,158,239	2,951,478	475,443	1,024,944	1,500,387	51%
	WATER FUND(S)	563,535	11,805,229	14,265,938	4,923,065	2,412,347	7,335,412	51%
TOTAL E	ENTERPRISE FUNDS	989,869	23,239,815	27,095,823	9,463,039	3,037,181	12,500,220	46%
INITEDNI	AL CERVICE FUNDS							
NIEKN	AL SERVICE FUNDS							
730	INFORMATION SERVICES	1,210	245,262	262,996	89,351	125,334	214,685	82%
740	BUILDING MAINTENANCE	27,175	642,029	665,031	184,333	32,367	216,700	33%
745	CIP ENGINEERING	122,262	1,447,120	1,552,806	640,396	119,226	759,622	49%
'60	UNEMPLOYMENT	-	30,000	30,000	15,990	-	15,990	53%
70	WORKERS COMPENSATION	64,057	697,200	736,200	408,859	32,574	441,433	60%
'90	EQUIPMENT REPLACEMENT	147	251,761	260,878	42,878	-	42,878	16%
793	CORP YARD COMMISSION	27,425	160,005	170,920	54,524	3,835	58,359	34%
795	GEN. LIABILITY INSURANCE	3	371,600	371,600	274,577	-	274,577	74%
TOTAL I	NTERNAL SERVICE FUNDS	242,279	3,844,977	4,050,431	1,710,908	313,336	2,024,244	50%
AGENCY	Y FUNDS							
341	MORGAN HILL BUS RANCH I	628	723,706	723,706	986,001		986,001	136%
342	MORGAN HILL BUS RANCH II	1,836	38,838	38,838	40,574	-	40,574	104%
343	MORGAN HILL BUS RANCH 98	628	871,086	871,086	583,699	-	583,699	67%
345	MADRONE BP-TAX EXEMPT	628	799,731	799,731	507,477	-	507,477	63%
346	MADRONE BP-TAX EXEMPT	628	172,343	172,343	97,240	-	97,240	56%
348	TENNANT AVE BUS PARK AD	-	112,040	172,040	31,240	-	31,240	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
TOTAL A	AGENCY FUNDS	4,348	2,605,704	2,605,704	2,214,991	-	2,214,991	85%
REPORT	T TOTAL	4,363,734	103.341.088	128,260,264	43,863,764	17,642,364	61,506,128	48%
JIVI		.,000,104		,,	.5,555,164	11,0-12,007	J.,000, 120	13 /0



City of Morgan Hill Enterprise Funds Report - Fiscal Year 2003/04 For the Month of December 2003 50% of Year Completed

#### YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

		Sewer Oper	rations		Water Operations			
			% of	Prior			% of	Prior
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
Operations								
Revenues								
Service Charges Meter Install & Service	\$ 5,321,460	\$ 2,672,060	50%	\$ 2,556,665	\$ 5,738,350 40,000	\$ 3,963,477 24,961	69% 62%	\$ 3,619,512 29,494
Other	113,950	96,290	85%	74,510	249,584	142,883	57%	202,899
Total Operating Revenues	5,435,410	2,768,350	51%	2,631,175	6,027,934	4,131,321	69%	3,851,905
Expenses								
Operations Meter Reading/Repair Utility Billing/Water Conservation	4,533,215	2,182,139	48%	1,788,473	4,750,307 637,156 399,783	2,669,713 214,340 180,203	56% 34% 45%	2,140,344 329,491 160,131
Total Operating Expenses	4,533,215	2,182,139	48%	1,788,473	5,787,246	3,064,256	53%	2,629,966
Operating Income (Loss)	902,195	586,211		842,702	240,688	1,067,065		1,221,939
Nonoperating revenue (expense)								
Interest Income Interest Expense/Debt Services Principal Expense/Debt Services	51,960 (856,625) (1,115,000)	16,726 (297,135) (1,115,000)	32% 35% 100%	(635,000)	. , ,	(,,	50% 14%	35,270 (164,273) (29,147)
Total Nonoperating revenue (expense)	(1,919,665)	(1,395,409)		(1,310,181)	(545,440)	(178,671)		(158,150)
Income before operating xfers	(1,017,470)	(809,198)		(467,479)	(304,752)	888,394		1,063,789
Operating transfers in Operating transfers (out)	- (913,285)	(331,643)	36%	- (320,688)	1,045,785 (917,500)	560,789 (364,341)	54% 40%	86,939 (623,750)
Net Income (Loss)	\$ (1,930,755)	\$ (1,140,841)		\$ (788,167)	\$ (176,467)	\$ 1,084,842		\$ 526,978



City of Morgan Hill Balance Sheets - Water and Sewer Funds **December 31, 2003 50% of Year Complete** 

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	3,324,508	6,588,174	2,841,213	4,365,634
Restricted <sup>1</sup>	1,898,352	5,720,157	390,102	252,066
Accounts Receivable		6,894		
Utility Receivables	824,164		921,035	
Less Allowance for Doubtful Accounts	(2,633)		(2,751)	
Notes Receivable <sup>2</sup>				
Fixed Assets <sup>3</sup>	31,802,422	9,911,459	23,624,143	8,620,810
Total Assets	37,846,813	22,226,684	27,773,742	13,238,510
LIABILITIES				
Assessments Development Assessment Linkilities	050 700	400.040	CO 404	
Accounts Payable and Accrued Liabilities Deposits for Water Services & Other Deposits	256,723	128,210	60,491 34,784	
Deferred Revenue 4				
Bonds Payable	25,390,000		5,985,863	
Discount on Bonds and Other Liabilities	(2,705,125)		(957,773)	
Accrued Vacation and Comp Time	41,966		88,959	
Total liabilities	22,983,564	128,210	5,212,324	0
FUND EQUITY				
Contributed Capital Retained Earnings	6,686,483		13,047,150	
Reserved for:				
Noncurrent water/sewer assets & debt	9,075,581	9,911,459	18,507,094	8,620,809
Encumbrances	91,439	533,395	707,083	1,705,264
Notes Receivable		0		
Restricted Cash	1,898,352		390,102	
Total Reserved Retained Earnings	11,065,372	10,444,854	19,604,279	10,326,073
Unreserved Retained Earnings	3,797,877	11,653,620	2,957,139	2,912,437
Total Fund Equity	14,863,249	22,098,474	22,561,418	13,238,510
<b>Total Liabilities and Fund Equity</b>	37,846,813	22,226,684	27,773,742	13,238,510

Restricted for Bond Reserve requirements and capital expansion.
 Includes Note for Sewer Financing Agreements.
 Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

<sup>&</sup>lt;sup>4</sup> Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2003/04 December 31, 2003 50% of Year Complete

L/M Housing

Sewer

Water

RDA

	(Fund 010)	(Fund 317)	(Fund 327/328)	(Fund 640)	(Fund 650)
ASSETS	(contact)	(1 2222 2 2 2 )	(* ************************************	(constant)	(* 2.22.2.2)
Cash and investments:					
Unrestricted	11,007,983	9,286,936	4,280,859	3,324,508	2,841,213
Restricted <sup>1</sup>	4,150	•	, ,	1,898,352	390,102
Accounts Receivable	925,777	3,200	7,806	, ,	
Utility Receivables (Sewer and Water)				824,164	921,035
Less Allowance for Doubtful Accounts  Loans and Notes Receivable <sup>2</sup>	447 505	2 242 044	24 202 020	(2,633)	(2,751)
Prepaid Expense	447,535	3,343,914	24,292,928		
Fixed Assets <sup>3</sup>		71,049		31,802,422	23,624,143
				.,,	
Total Assets	12,385,445	12,705,099	28,581,593	37,846,813	27,773,742
LIABILITIES					
Accounts Payable and Accrued Liabilities	399,629	20,179	13,355	256,723	60,491
Deposits for Water Services & Other Deposits	35,196	20,173	10,000	250,725	34,784
Deferred Revenue <sup>4</sup>	1,455,866	1,143,834	6,286,255		
Bonds Payable				25,390,000	5,985,863
Discount on Bonds and Other Liabilities	245,223			(2,705,125)	(957,773)
Accrued Vacation and Comp Time				41,966	88,959
Total liabilities	2,135,914	1,164,013	6,299,610	22,983,564	5,212,324
FUND EQUITY					
Contributed Capital				6,686,483	13,047,150
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				9,075,581	18,507,094
Encumbrances	389,129	10,500,972	91,219	91,439	707,083
Restricted Cash				1,898,352	390,102
RDA properties held for resale Loans and Notes Receivable		71,049 2,200,080	19 006 674		
		2,200,080	18,006,674		
Total Reserved Fund Equity	389,129	12,772,101	18,097,893	11,065,372	19,604,279
Designated Fund Equity 5	7,300,000				
Unreserved/Undesignated Fund Equity	2,560,402	(1,231,015)	4,184,090	3,797,877	2,957,139
Total Fund Equity	10,249,531	11,541,086	22,281,983	14,863,249	22,561,418
Total Liabilities and Fund Equity	12,385,445	12,705,099	28,581,593	37,846,813	27,773,742

General Fund

<sup>&</sup>lt;sup>1</sup> Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

<sup>&</sup>lt;sup>2</sup> Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

<sup>&</sup>lt;sup>3</sup> Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

<sup>&</sup>lt;sup>4</sup> Includes the deferred payment portion of the loans noted above.

<sup>&</sup>lt;sup>5</sup> Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



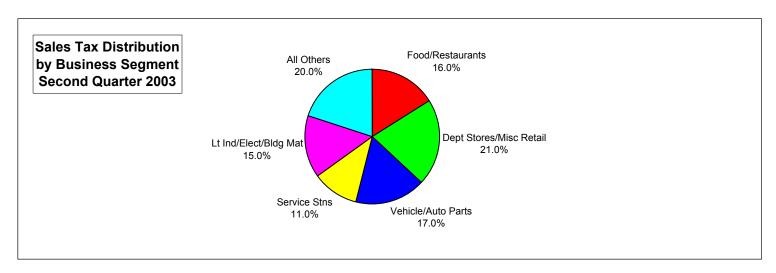
City of Morgan Hill Community Development Report - Fiscal Year 2003/04 For the Month of December 2003 50% of Year Completed

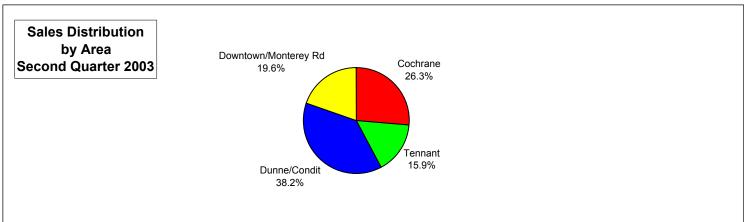
		Building		Planning Eng			gineering		
	Budget	<u>Actual</u>	% of <u>Budget</u>	Budget	<u>Actual</u>	% of <u>Budget</u>	Budget	<u>Actual</u>	% of <u>Budget</u>
Revenues	1,113,754	1,013,795	91%	629,750 _	249,579	40%	532,855	153,985	29%
Expenses Encumbrances Sub-total	1,016,487	400,722 57,584 458,306	- 45%	1,129,767 - -	545,686 99,610 645,296	- 57%	1,072,275 - -	443,555 131,132 574,687	- 54%
Excess/(Deficit)	2,130,241	555,489		1,759,517	(395,717)		1,605,130	(420,702)	



City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2003/04
For the Month of December 2003
50% of Year Complete

	Amount Collected for Month for Fiscal Year		Amount Collected YTD for Fiscal Year			Comparison of YTD for fiscal years		
Month	03/04	02/03	01/02	03/04	02/03	01/02	03/04 to 02/03	03/04 to 01/02
	•	•			•			
July	\$338,300	\$367,600	\$377,700	\$338,300	\$367,600	\$377,700	(29,300)	(39,400)
August	\$451,000	\$447,000	\$503,600	\$789,300	\$814,600	\$881,300	(25,300)	(92,000)
September	\$232,994	\$361,932	\$437,056	\$1,022,294	\$1,176,532	\$1,318,356	(154,238)	(296,062)
October	\$316,100	\$354,915	\$339,000	\$1,338,394	\$1,531,447	\$1,657,356	(193,053)	(318,962)
November	\$421,400	\$474,800	\$452,000	\$1,759,794	\$2,006,247	\$2,109,356	(246,453)	(349,562)
December	\$331,624	\$384,154	\$538,465	\$2,091,418	\$2,390,401	\$2,647,821	(298,983)	(556,403)
January		\$368,600	\$393,900		\$2,759,001	\$3,041,721		
February		\$487,195	\$466,068		\$3,246,196	\$3,507,789		
March		\$225,908	\$351,548		\$3,472,104	\$3,859,337		
April		\$292,698	\$341,042		\$3,764,802	\$4,200,379		
May		\$394,500	\$461,500		\$4,159,302	\$4,661,879		
June		\$477,624	\$208,416		\$4,636,926	\$4,870,295		
Year To Date Totals		\$2,091,418	\$4,636,926	\$4,870,295				
Sales Tax Budget for Year		\$4,650,000	\$5,330,000	\$5,300,000				
Percent of Budget Percent of increase(decrease)			45%	87%	92%	-13%	-21%	







## AMENDMENT TO PLANNING DIVISION CONTRACT SERVICES BUDGET FOR UNANTICIPATED ENVIRONMENTAL CONSULTING SERVICES.

#### **RECOMMENDED ACTION(S):**

Approve the appropriation of \$7,000 from the Community Development Fund Balance (206) to fund unanticipated environmental consulting services.

Agenda I	tem # 2
Prepared	By:
Planning	Manager
Approved	l By:
Commun	ity
Davidonn	nent Director

City Manager

#### **EXECUTIVE SUMMARY:**

On July 14, 2003 the Community Development Department received an application from The Institute LLC for a Temporary Use Permit for maintenance and operation of a private golf course on property located at 14830 Foothill Avenue in Morgan Hill. At the time of this request, the Community Development Department had contracted to prepare a Revised Draft Environmental Impact Report for the existing golf course and for a proposed mathematics conference center to be located on the site. Staff determined that the issuance of this Temporary Use Permit was the best means for preserving the status quo environmental conditions pending the completion of the EIR process. The EIR consultant was asked to review environmental mitigation measures (conditions) contained in the Temporary Use Permit, and to attend various meetings involving the applicant and staff. The consultant also attended a Planning Commission meeting when the Temporary Use Permit was subject to an appeal. The cost of these services was beyond the scope of the original EIR contract and will cost \$6,975.12.

An additional \$7,000 amended to the Planning Division Contract Services Account (206-5120-42231) will be sufficient to fund our unanticipated cost for environmental consulting services.

#### FISCAL IMPACT:

Funds exist in the unappropriated Community Development Fund balance to cover these expenses.



TITLE: AMEND AGREEMENT WITH THE STROMBOTNE LAW FIRM

Prepared By:
(Title)
Approved By:
(Department Director)
Submitted By:

City Manager

Agenda Item # 3

#### **RECOMMENDED ACTIONS:**

Authorize the City Manager to execute an Amendment to Agreement with the Strombotne Law Firm.

#### **EXECUTIVE SUMMARY:**

On September 23, 2003, the City contracted with the Strombotne Law Firm to handle pre-litigation negotiations and, if necessary, initiate litigation against VBN Corporation. On November 3, 2003, the Strombotne Law Firm filed suit on behalf of the City against VBN Corporation and ABSG Consulting, Inc., for breach of contract and professional negligence regarding construction of the Community and Cultural Center. The current contract is insufficient to cover the fees and costs associated with litigation of this matter. Staff recommends that Council approve the attached Amendment to Agreement increasing the contract amount to \$40,000. This amount should be sufficient to cover the anticipated fees and costs associated with the initial pretrial discovery.

#### **FISCAL IMPACT:**

The cost of this agreement can be accommodated in the City Attorney's Office budget. No additional appropriation is necessary at this time.



TITLE: THE USA PATRIOT ACT

#### **RECOMMENDED ACTIONS:**

Authorize the Mayor to execute and send correspondence to the United States Attorney General, copy to the California Congressional delegation, regarding concerns about the USA Patriot Act (PL 107-56)

#### Agenda Item # 4

Prepared By:

Helene Leichter City Attorney

**Submitted By:** 

J. Edward Tewes City Manager

#### **EXECUTIVE SUMMARY:**

The United States Congress enacted the USA Patriot Act (PL 107-56) on October 26, 2001, in response to the terrorist attacks of September 11, 2001. Numerous concerns have been raised by citizens regarding the Patriot Act, including the intrusion of the Act into civil liberties guaranteed by the federal Constitution. (See letter attached hereto as Exhibit A.) (The Act is not attached to this staff report as an exhibit due to its length.)

The concerns expressed by local agencies about the Patriot Act center around three issues: (1) the Act requires local agencies to support federal investigative practices that are potentially unconstitutional; (2) the Act's impact on citizens by chilling expressive conduct otherwise protected by the First Amendment to the United States Constitution, and (3) the Act imposes limitations on judicial review of federal investigative techniques and results under the Act. These concerns, and the specific impacts of the Patriot Act on local government, are addressed in detail in a paper commissioned by the City of Mountain View and authored by Mariano-Florentino Cuellar, of Stanford Law School. (Attached hereto as Exhibit B.)

Many communities across the country have adopted resolutions expressing concerns about the Patriot Act. (See list of communities attached hereto as <u>Exhibit C</u>; Resolutions of Palo Alto and Los Gatos attached hereto as <u>Exhibit D</u>.) Some communities have even adopted ordinances prohibiting conduct which may violate civil rights, even though such conduct is authorized under the Act. (See Ordinance No. 1339, Arcata, California, attached hereto as Exhibit E.)

The City has several options in response to concerns over the Patriot Act: (1) do nothing and maintain the status quo, responding to questionable situations directly involving the City on a case-by-case basis; (2) express displeasure with the Act as a whole through adoption of a resolution or communication with federal officials; or (3) express displeasure with specific portions of the Act through adoption of a resolution or communication with federal officials.

City staff and the Legislative Subcommittee recommend that the third option be pursued, and a letter be sent to Attorney General Ashcroft, copied to the California Congressional delegation, expressing concern with specific provisions of the Act that affect the City and its citizens. A draft letter for the Council's review is attached hereto as <u>Exhibit F</u>.

#### **FISCAL IMPACT:**

The cost of this project can be accommodated in the City Attorney's Office budget. No additional appropriation is necessary at this time.



#### AQUATICS CENTER PROJECT - DECEMBER CONSTRUCTION PROGRESS REPORT

**RECOMMENDED ACTION(S):** *Information Only* 

#### **EXECUTIVE SUMMARY:**

Previous Council action awarded the contract for construction of the Aquatics Center Project to Gonsalves & Stronck Construction Company, Inc. At that time, staff informed Council that we would report monthly on the progress of the construction. Attached is the progress report for the month of December. This

Agenda Item # 5 Prepared By: **Project Manager** Approved By: Public Works Director **Submitted By:** City Manager

report has been sent to our webmaster for posting on the City's website. The mechanical building construction had been delayed and is still the critical path activity. Currently, the mechanical building construction delay remains approximately seven days behind schedule. The pool construction remains on schedule. The contractor has recovered some lost time during masonry and plans to recover some additional time during rough carpentry. Barring unforeseen circumstances, including excessive rain days, construction completion is still scheduled for May 24<sup>th</sup>, 2004. The project is currently within budget.

FISCAL IMPACT: None



## ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9234, CAPRIANO PH. I

#### **RECOMMENDED ACTION(S):**

- 1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9234, commonly known as Capriano Phase I.
- 2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

# Agenda Item # 6 Prepared By: Senior Engineer Approved By: Public Works Director Submitted By: City Manager

#### **EXECUTIVE SUMMARY:**

Tract 9234 is a 38 lot subdivision located on the south side of Tilton Avenue and east of Hale Avenue (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Shea Homes & Glenrock Builders, dated October 24, 2000 and as specifically set forth in the plans and specifications approved by the City. The completed subdivision improvements include the relocation of Sewer Lift Station "I" west of the railroad tracks and adjacent to the project and the installation of a 12" water main in Burnett Avenue from Boys Ranch well #1 to Monterey Road.

The streets to be accepted are:

Street Name	Street Length
Saffron Drive	0.17 miles
Tarragon Avenue	0.19 miles
Thyme Avenue	0.13 miles
Sage Avenue	0.13 miles
Curry Avenue	0.25 miles
Basil Avenue	0.05 miles
Cayenne Drive	0.05 miles
Dougherty Avenue	0.24 miles

**FISCAL IMPACT:** Staff time for this project was paid for by development fees.

#### RESOLUTION NO.

## RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ACCEPTING THE SUBDIVISION IMPROVEMENTS FOR TRACT 9234, CAPRIANO PH. I

**WHEREAS,** the owner of Tract 9234, designated as Capriano Ph. I, entered into a Subdivision Improvement Agreement on October 24, 2000: and

**WHEREAS,** Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

**NOW, THEREFORE,** BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

- 1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
- 2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of October 24, 2000.
- 3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
- 4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

**PASSED AND ADOPTED** this 21st day of January, 2004.

ABSTAIN: ABSENT:
CERTIFICATION
I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of January 21, 2004.  WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.
DATE:  IRMA TORREZ, City Clerk

AYES:

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

#### NOTICE OF COMPLETION

#### CITY OF MORGAN HILL

#### TRACT 9234, CAPRIANO PHASE I

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on December 16, 2003, by Shea Homes & Glenrock Builders, the subdivider of record and accepted by the City Council on January 21, 2004. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is American Home Assurance Company.

Name and address of Owner:	City of Morgan Hill 17555 Peak Avenue Morgan Hill, California
Dated:	2004.
I certify	Jim Ashcraft, Director of Public Works y under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk City of Morgan Hill, CA

Date:



## CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 21, 2004

#### ACCEPTANCE OF THE CONSTRUCTION OF BUTTERFIELD BOULEVARD - PHASE IV IMPROVEMENTS PROJECT

Agenda Item # 7
Prepared By:
<b>Deputy Director</b>
Approved By:
Public Works Director
Submitted By:
City Manager

#### **RECOMMENDED ACTION(S):**

- 1. Accept as complete the construction of Butterfield Boulevard Phase IV Improvements Project in the final amount of \$3,609,164.
- 2. Approve an amendment to professional services agreement with MH Engineering for design and survey of Butterfield Boulevard extension project increasing the approved amount from \$172,957 to \$201,756.
- 3. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's office.

#### **EXECUTIVE SUMMARY:**

The contract for the construction of Butterfield Boulevard – Phase IV improvements project was awarded to Granite Rock Company dba Pavex Construction Division, by the City Council at their April 2, 2003, meeting in the amount of \$3,496,410. The project resulted in the construction of approximately 4000 lf (0.75 mile) of 92 feet wide roadway including 4 travel lanes, bike lanes, sidewalks, planted median, approximately 1000 lf of Butterfield channel extension, and 3 traffic signals.

The firm of MH Engineering was the design engineer, and their original scope of work was to provide topographic mapping, improvement plans and specification and traffic signals design at the three proposed intersections. Due to required revisions to the design plans during the course of construction, staff directed MH Engineering to amend their original scope of work and their contract is recommended to be increased by \$28,799 as a result.

The work has been completed in accordance with the plans and specifications.

#### **FISCAL IMPACT:**

This project was budgeted in the 2002-03 Capital Improvements Program budget under Butterfield Boulevard Construction Project #504D00 in the amount of \$3,850,000. The allocated project construction cost including a 10% contingency was \$3,845,941. The contract was awarded in the amount of \$3,496,410 and the final contract price is \$3,609,164.

Record at the request of and when recorded mail to:

CITY OF MORGAN HILL CITY CLERK 17555 Peak Avenue Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

## NOTICE OF COMPLETION CITY OF MORGAN HILL BUTTERFIELD BOULEVARD-PHASE IV IMPROVEMENTS PROJECT

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on the 10th day of December, 2003, did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to Granite Rock Company dba Pavex Construction Division, on April 2, 2003, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on December 10, 2003, accepted by the City Council on January 21, 2004, and that the name of the surety on the contractor's bond for labor and materials on said project is National Fire Insurance Company of Hartford.

That said improvements consisted of the construction and installation of all items of work provided to be done in said contract, all as more particularly described in the plans and specifications therefore approved by the City Council of said City.

Name and address of Owner:	City of Morgan Hill 17555 Peak Avenue Morgan Hill, California
Dated:,	20
I certify under	Jim Ashcraft, Director of Public Works penalty of perjury that the foregoing is true and correct.
	Irma Torrez, City Clerk City of Morgan Hill, CA Date:



## CITY COUNCIL STAFF REPORT

MEETING DATE: January 21, 2004

#### APPROVAL OF IMPROVEMENT AGREEMENT FOR 1295 EAST DUNNE AVENUE (APN 728-17-023)

**RECOMMENDED ACTION:** Approve the attached Improvement Agreement with Arch Design, Inc. and authorize the City Manager to sign the agreement on behalf of the City.

Agenda Item # 8
Prepared By:
Assistant Engineer
Approved By:
Public Works Director
Submitted By:
City Manager

#### **EXECUTIVE SUMMARY:**

This agreement is to guarantee the construction of off-site street improvements at the northwest intersection of East Dunne Avenue and Murphy Avenue fronting 1295 East Dunne Avenue (see attached location map). The off-site improvements along Murphy Avenue will provide for a widened street and a smooth transition to East Dunne Avenue. The public improvements are required per Section 12.02.050 of the Municipal Code. The public improvements are a condition of approval for the applicant's building permit request to construct a 2.35 acre commercial business park at 1295 East Dunne Avenue including offices for Arch Design, Inc., as well as other space for lease. The estimated construction cost of the public improvements is \$210,592, which includes \$150,000 for a traffic signal and \$60,592 for other improvements.

The applicant has furnished the City with the necessary documents and has made provision with the City to provide the necessary security guaranteeing the completion of public improvements prior to the issuance of the building permit. Staff recommends that City Council approve the attached Improvement Agreement and authorize the City Manager to sign on behalf of the City.

#### **FISCAL IMPACT:**

Development review for this project is paid for from development processing fees.



## CITY COUNCIL STAFF REPORT

MEETING DATE: January 21, 2004

#### AMENDMENT TO ANNUAL CONTRACT WITH MONTEREY COUNTY LABORATORY FOR WATER SAMPLING AND ANALYSIS

## Management Analyst Approved By: Department Director Submitted By:

City Manager

Agenda Item #9

Prepared By:

#### **RECOMMENDED ACTION(S):**

- 1. Approve the attached Amendment to the Agreement dated 2003 with Monterey County Laboratory to increase the maximum compensation for FY 03/04 from \$50,000 to \$115,000.
- 2. Approve the appropriation of \$50,000 from our unappropriated Water Fund balance (650) to fund unanticipated perchlorate testing and EPA water quality testing.

**EXECUTIVE SUMMARY:** On June 15, 2003 Council awarded the annual contract to Monterey County Lab in the amount of \$50,000 for FY 03/04. The contract provides for laboratory service for potable water sampling and analysis.

The majority of the funds have already been used for routine analysis as required by the State Department of Health Services (DOHS), for nitrate analysis at Burnett Well and for perchlorate analysis. The perchlorate costs were unforeseen and not included in the agreement. New costs for this year are testing requirements from the Federal Environmental Protection Agency in accordance with the Unregulated Chemical Monitoring Rule (UCMR) estimated to cost \$20,000.

An additional \$65,000 amended to the contract will ensure the ability to meet State and Federal requirements for sampling and analysis. On November 5, 2003 Council approved \$15,000 from our unappropriated Water Fund balance (650) to fund water quality testing for the Nordstrom Well. This leaves a balance of \$50,000 to be funded from our unappropriated Water Fund balance.

The City is continuing to work with special counsel in seeking reimbursement from the Olin Corporation for costs incurred due to the perchlorate contamination.

**FISCAL IMPACT:** Funds exist in the unappropriated water fund balance to cover this expense.

#### AMENDMENT TO AGREEMENT

#### LABORATORY SERVICES FOR POTABLE WATER SAMPLING AND ANALYSIS

#### MONTEREY COUNTY CONSOLIDATED CHEMISTRY LABORATORY

	ΤH	IS AGREE	MENT is made	e this	day of		, 2	2004, by the	e CITY	OF MORGAN
HILL,	а	municipal	corporation,	("CITY"),	and	MONTE	EREY	COUNT	Y CON	<b>ISOLIDATED</b>
		RY LABO LTANT").	RATORY, a	laboratory	opera	ted by	the	County's	Health	Department,

#### **RECITALS**

The following recitals are a substantive part of this Agreement:

- 1. This Agreement is entered into following City Council authorization on January 21, 2004.
- 2. CITY desires to amend the Agreement dated December 15, 2003, attached as Exhibit "1" to this Agreement and incorporated herein.

#### <u>AGREEMENT</u>

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 1. Term and Condition of Original Agreement. All terms and conditions contained in Exhibit "1" are to remain in full force and effect with the sole exception of the terms listed below:
- PAGE 1 SECTION 3.1:
  - 3.1 <u>Amount</u> (\$115,000). Compensation under this Agreement shall not exceed (\$115,000).

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

ATTEST:	THE CITY OF MORGAN HILL
City Clerk Date:	City Manager Date
APPROVED:	"CONSULTANT"
Risk Manager Date:	By: Date:
APPROVED AS TO FORM:	
City Attorney Date:	

#### Notes:

Original contract amount is \$50,000
Remaining balance on this year's contract is \$12,000
Estimated costs for additional tests required by EPA/Federal is \$17,000
Estimated remaining non-perch costs for the year is \$38,000
Estimated remaining perch costs for the year is \$52,000 (15,000 was approved to be transferred from the unappropriated water fund balance but was not added to contract, nor was an additional PO made)



Agenda Item # 10	
Prepared By:	
<b>Deputy City Clerk</b>	
Approved By:	
City Clerk	
Submitted By:	
City Manager	

#### **ADOPT ORDINANCE NO. 1644, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1310 WHICH PREZONED 9.45 ACRES LOCATED ON THE WEST SIDE OF DEWITT AVENUE NORTH OF SPRING AVENUE FROM COUNTY HS, HILLSIDE TO CITY R-1 (12000)/SINGLE FAMILY RESIDENTIAL PLANNED DEVELOPMENT. THE AMENDMENT INCLUDES

THE ADOPTION OF A PRECISE DEVELOPMENT PLAN FOR THE 21-LOT, 9.45-ACRE RESIDENTIAL PLANNED DEVELOPMENT (APNs 773-08-012 through -016)

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1644, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1644, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.

#### **ORDINANCE NO. 1644, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1310, NEW SERIES WHICH PREZONED 9.45 ACRES LOCATED ON THE WEST SIDE OF DEWITT AVENUE NORTH OF SPRING AVENUE FROM COUNTY HS, HILLSIDE TO CITY R-1 (12000)/SINGLE FAMILY RESIDENTIAL PLANNED DEVELOPMENT. THE AMENDMENT INCLUDES THE ADOPTION OF A PRECISE DEVELOPMENT PLANFOR THE 21-LOT, 9.45-ACRE RESIDENTIAL PLANNED DEVELOPMENT (APNs 773-08-012 through -016)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3. An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A Mitigated Negative Declaration has been filed.
- **SECTION 4.** The City Council finds that the proposed RPD and Precise Development Plan are consistent with the criteria specified in Chapter 18.18 of the Morgan Hill Municipal Code.
- SECTION 5. The City Council hereby approves the Precise Development Plan as contained in that certain series of documents date stamped December 11, 2003, on file in the Community Development Department, entitled "Lands of Marrad" prepared by MH Engineering Co. These documents, as amended by site and architectural review, show the location and sizes of all lots in this development and the location and dimensions of all proposed buildings, vehicle and pedestrian circulation ways, parking areas, landscape areas and any other purposeful uses on the project.
- SECTION 6. Approval of the Marrad/DeWitt Landowners RPD and Precise Development Plan shall allow the following deviations from the R-1(12,000) zoning district in order to provide for clustering on the gently sloping easterly portions of the project site and reduce the density of development on the more steep westerly portions of the project site:

Lot No.	Setbacks	Lot Size
1	6-foot left side yard setback	9,651 square feet
2	Five-foot side yard setbacks – both yards	9,878 square feet
3	Five-foot side yard setbacks – both yards 10,536 square feet	
4	7 ½-foot right side yard setback	10,249 square feet
5	Ten foot side yard setbacks – both yards	
6		9,261 square feet
7		9,788 square feet
8		10,396 square feet
9		10,197 square feet
11		10,373 square feet
12		9,052 square feet

- **SECTION 7.** With the exception of the deviations allowed under Section 6 of this Ordinance, buildout of the Marrad/DeWitt Landowners project shall comply with the site development standards of the R-1(12,000) zoning district. Any additions/modifications to the approved building plans shall also comply with the site development standards of the R-1(12,000) zoning district.
- **SECTION 8.** The Residential Planned Development shall be subject to the following conditions:
  - 1. Lot 18 of the RPD (Custom Lot 4) shall be subject to the Hazardous Vegetation Program administered by the Fire Marshall's Office, Santa Clara County Department of Agriculture and Resource Management.
  - 2. Upon annexation into the City, Lot 18 of the RPD (Custom Lot 4) shall be subject to the City's Weed Abatement Ordinance, Municipal Code Chapter 8.20, which specifies that the property owner shall remove or destroy weeds from his property and that the Council may order the Fire Department to abate the weeds to maintain the lot free of hazardous vegetation. The developer has agreed to maintain the lot and remove all hazardous vegetation.
  - 3. The proposed streets shall be platted to provide sufficient distance between the DeWitt Court cul-de-sac and the 90-degree Price Drive "knuckle" to allow landscape screening between the two streets.
- **SECTION 9.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1644, New Series Page 3

**SECTION 10.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	<b>COUNCIL MEMBERS:</b>		
NOES:	<b>COUNCIL MEMBERS:</b>		
ABSTAIN:	<b>COUNCIL MEMBERS:</b>		
ABSENT:	<b>COUNCIL MEMBERS:</b>		
ATTEST:		APPROVED:	
Irma Torrez	, City Clerk	Dennis Kennedy, Mayor	
	<b>∞</b> <u>CERTIFICATE</u>	OF THE CITY CLERK 03	
CALIFORN 1644, New S	IA, do hereby certify that the	TERK OF THE CITY OF MORGAN HILE foregoing is a true and correct copy of Ordinance Nuncil of the City of Morgan Hill, California at the pary, 2004.	o
WIT	NESS MY HAND AND THE	SEAL OF THE CITY OF MORGAN HILL.	
DATE:			
		IRMA TORREZ, City Clerk	



#### **ADOPT ORDINANCE NO. 1645, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 27.1 ACRES, FROM COUNTY A-20 TO PUBLIC FACILITIES FOR APNS 725-01-012 & 013 AND 0.7 ACRES FROM COUNTY A-20 TO R1-7,000 FOR APN 725-01-021 FOR APPLICATION ZA-03-17: BURNETT-MHUSD SOBRATO HIGH SCHOOL

Agenda Item # 11
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1645, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1645, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

No budget adjustment required.

#### **ORDINANCE NO. 1645, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 27.1 ACRES, FROM COUNTY A-20 TO PUBLIC FACILITIES FOR APNS 725-01-012 & 013 AND 0.7 ACRES FROM COUNTY A-20 TO R1-7,000 FOR APN 725-01-021 FOR APPLICATION ZA-03-17: BURNETT-MHUSD SOBRATO HIGH SCHOOL

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** Establish an Public Facilities pre-zoning designation for 27.1 acres of land for parcels 725-01-012 & 013 located on the north side of Burnett Avenue east of Monterey Road. The Public Facilities zoning designation shall become affective upon annexation to the City of Morgan Hill.
- **SECTION 2.** Establish an R1-7,000 pre-zoning designation for 0.7 acres of land for parcel 725-01-025 located on the north side of Burnett Avenue east of Monterey Road. The R1-7,000 zoning designation shall become affective upon annexation to the City of Morgan Hill.
- **SECTION 3. INCORPORATING THE MAP BY REFERENCE.** There hereby is attached hereto and made a part of this ordinance, a zoning map entitled "Exhibit A" Map Showing Pre-zoning Lands of City of Morgan Hill Being a Part of Ordinance No. 1645, New Series, which gives the boundaries of the described parcels of Land.
- SECTION 4. FINDING OF CONSISTENCY WITH THE GENERAL PLAN. The City Council hereby finds that the amendment established by this ordinance as herein described is compatible with the goals, objectives, policies and land use designation of the General Plan of the City of Morgan Hill. The Council further finds that the proposed amendment is required in order to serve the public health, convenience and general welfare as provided by Section 18.62.010 of the Morgan Hill Municipal Code.
- **SECTION 5.** An Environmental Impact Report has been certified by the Morgan Hill Unified School District Board of Education for parcels 725-01-012 & 013.
- **SECTION 6.** A negative declaration has been approved for parcel 725-01-021.
- **SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1645, New Series Page 2

**SECTION 7.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSTAIN: ABSENT:	COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez	c, City Clerk	Dennis Kennedy, Mayor
<b>CALIFORN</b> Ordinance No	MA TORREZ, CITY CLER IA, do hereby certify that the	OF THE CITY CLERK  K OF THE CITY OF MORGAN HILL, the foregoing is a true and correct copy of the City Council of the City of Morgan Hill, the 21st Day of January, 2004.
WIT	NESS MY HAND AND THE S	SEAL OF THE CITY OF MORGAN HILL.
DATE:		IRMA TORREZ, City Clerk



#### ADOPT ORDINANCE NO. 1646, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA 03-10 FOR MP 02-14: COCHRANE – COYOTE ESTATES (APNS 728-35-008, 010; 728-36-001, 010)

Agenda Item # 12
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1646, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1646, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.

#### ORDINANCE NO. 1646, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA 03-10 FOR MP 02-14: COCHRANE – COYOTE ESTATES (APNS 728-35-008, 010; 728-36-001, 010)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution Nos. 03-17a and 03-17b, adopted May 27, 2003, has awarded allotments to that certain project herein after described as follows:

<u>Project</u> <u>Total Dwelling Units</u> MP 02-14: Cochrane – Coyote Estates (Phases 8-10) 25 single-family homes

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1646, New Series Page 2

**SECTION 8.** Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>			
<b>NOES:</b>	COUNCIL MEMBERS:			
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>			
ABSENT:	<b>COUNCIL MEMBERS:</b>			
ATTEST:		APPROVED:		
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor		
CALIFORN No. 1646, No.	RMA TORREZ, CITY CLIA, do hereby certify that the	E OF THE CITY CLERK ERK OF THE CITY OF MORGAN HILL, of foregoing is a true and correct copy of Ordinance by Council of the City of Morgan Hill, California at of January, 2004.		
WIT	NESS MY HAND AND THE	E SEAL OF THE CITY OF MORGAN HILL.		
DATE:				
		IRMA TORREZ, City Clerk		



Prepared By:
Deputy City Clerk
Approved By:

Agenda Item # 13

ADOPT ORDINANCE NO. 1647, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF **MORGAN** HILL APPROVING AN **AMENDMENT** TO **ORDINANCE** NO. 1597. **N.S.**. **AMENDING** THE **DEVELOPMENT AGREEMENT FOR APPLICATION MP-99-26:** MALAGUERRA-ANSUINI/MANCIAS TO INCORPORATE NINE-MONTH EXTENSION OF TIME FOR SIX, PHASE II UNITS OF THE 15-UNIT DEVELOPMENT. (APNs 728-35-016 & -017)/(DAA-00-05: MALAGUERRA – MANCIAS)

City Manager

**Submitted By:** 

**City Clerk** 

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1647, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1647, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.

#### **ORDINANCE NO. 1647, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1597, N.S., AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION MP-99-26: MALAGUERRA-ANSUINI/MANCIAS TO INCORPORATE A NINE-MONTH EXTENSION OF TIME FOR SIX, PHASE II UNITS OF THE 15-UNIT DEVELOPMENT. (APNs 728-35-016 & -017)/(DAA-00-05: MALAGUERRA – MANCIAS)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. Pursuant to Title 18, Chapter 18.78.125 of the Municipal Code, the Planning Commission and City Council respectively adopted Resolution No. 00-03 on March 14, 2000 and Resolution No. 5470 on May 2, 2001, and awarded allotments to a certain project herein after described as follows:

Project Total Dwelling Units
MP 99-26: Malaguerra-Ansuini/Mancias 7 units for FY 2001-02
6 units for FY 2002-03

<u>SECTION 4.</u> References are hereby made to a certain Agreement on file in the office of the City Clerk of the City of Morgan Hill.

This document, signed by the City of Morgan Hill and the property owner, sets forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council.

**SECTION 5.** The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1647, New Series Page - 2 -

**SECTION 8.** Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

**SECTION 9.** EXCEPTION TO LOSS OF BUILDING ALLOCATION. The project applicant has in a timely manner, submitted necessary planning applications to pursue development. The delay experienced by this project was due to excess time in processing of the improvement plans. The delays are not a result of the developer's inaction and therefore, a nine-month Exception to Loss of Building Allocation is hereby granted, extending the deadline to commence construction of the six, Phase II building allotments from December 30, 2003 to September 30, 2004.

**SECTION 10.** Exhibit B of the development agreement is amended to read as follows:

#### EXHIBIT "B"

#### FY 2001-2002 (7 UNITS), FY 2002-2003 (6 UNITS) DEVELOPMENT SCHEDULE MP-99-26: MALAGUERRA - ANSUINI/MANCIAS

I. SUBDIVISION AND ZONING APPLICATIONS

> Applications Filed: November 21, 2000

II. SITE REVIEW APPLICATION

> Application Filed: April 27, 2001

III. FINAL MAP SUBMITTAL

Map, Improvements Agreement and Bonds: October 1, 2001

IV. **BUILDING PERMIT SUBMITTAL** 

Submit plans to Building Division for plan check:

FY 2001-2002 (7 units) January 15, 2002 FY 2002-2003 (6 units) June 15, 2003

V. **BUILDING PERMITS** 

**Obtain Building Permits:** 

FY 2001-2002 (7 units) February 28, 2003 FY 2002-2003 (6 units) October 1, 2003 June 30, 2004

Commence Construction:

FY 2001-2002 (7 units) May 31, 2003

December 30, 2003 September 30, 2004 FY 2002-2003 (6 units)

Failure to obtain building permits and commence construction by the date listed in Section V. above, shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit under Sections III. and IV., respectively, two (2) or more months beyond the filing dates listed above, shall result in applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above, Sections III. and IV., respectively, may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

City of Morgan Hill Ordinance No. , New Series Page - 3 -

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least seven (7) dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>		
NOES:	COUNCIL MEMBERS:		
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>		
ABSENT:	<b>COUNCIL MEMBERS:</b>		
ATTEST:		APPROVED:	
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor	
CALIFORN 1647, New S	RMA TORREZ, CITY CLE IA, do hereby certify that the fo	DF THE CITY CLERK OS  RK OF THE CITY OF MORGAN HIL regoing is a true and correct copy of Ordinance N  ncil of the City of Morgan Hill, California at th  ry, 2004.	Jo.
WIT	NESS MY HAND AND THE S	EAL OF THE CITY OF MORGAN HILL.	
DATE:			
		IRMA TORREZ, City Clerk	



#### ADOPT ORDINANCE NO. 1648, NEW SERIES, AS AMENDED

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF **APPROVING AMENDMENT MORGAN** HILL AN TO **ORDINANCE** NO. 1622. N.S., **AMENDING** THE **DEVELOPMENT AGREEMENT FOR APPLICATION MP-00-01:** BERKSHIRE - SINGH TO INCORPORATE A THREE-MONTH EXTENSION OF TIME FOR THE FOUR-UNIT PROJECT. (APN 764-23-054)/(DAA-00-08: BERKSHIRE - SINGH)

Agenda Item # 14
Prepared By:
<b>Deputy City Clerk</b>
Approved By:
City Clerk
Submitted By:
City Manager

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1648, New Series, as Amended, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1648, New Series, as Amended (granting a 3-month extension of time), by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.

#### **ORDINANCE NO. 1648, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1622, N.S., AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION MP-00-01: BERKSHIRE - SINGH TO INCORPORATE A THREE-MONTH EXTENSION OF TIME FOR THE FOUR-UNIT PROJECT. (APN 764-23-054)/(DAA-00-08: BERKSHIRE - SINGH)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 01-17, adopted April 25, 2000, has awarded allotments to a certain project herein after described as follows:

Project Total Dwelling Units
MP-00-01: Berkshire - Singh 1 unit for FY 1999-2000
3 units for FY 2000-2001

**SECTION 4.** References are hereby made to a certain Agreement on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

<u>SECTION 5.</u> The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1648, New Series Page 2

**SECTION 8.** Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

**SECTION 9.** EXCEPTION TO LOSS OF BUILDING ALLOCATION. The project applicant has in a timely manner, submitted necessary planning applications to pursue development. The delay experienced by this project was due to excess time in processing of the final map and improvement plans. The delays are not a result of the developer's inaction and therefore, the Council hereby grants a three-month Exception to Loss of Building Allocation for the four building allotments, extending the deadline to commence construction from December 30, 2003 to March 30, 2004.

**SECTION 10.** Exhibit B of the development agreement is amended to read as follows:

#### EXHIBIT "B"

### DEVELOPMENT SCHEDULE MP-00-01: BERKSHIRE - SINGH FY 1999-2000 (1 UNIT), FY 2000-01 (3 UNITS)

I. SUBDIVISION AND ZONING APPLICATIONS

Applications Filed: May 30, 2000

II. SITE REVIEW APPLICATION

Application Filed: November 1, 2000

III. FINAL MAP SUBMITTAL

Map, Improvements Agreement and Bonds: November 15, 2000

IV. BUILDING PERMIT SUBMITTAL

Submit plans to Building Division for plan check:

FY 1999-2000 (1 unit) March 24, 2003 FY 2000-01 (3 units) March 24, 2003

V. BUILDING PERMITS

**Obtain Building Permits:** 

FY 1999-2000 (1 unit) September 30, 2003 December 31, 2003 FY 2000-01 (3 units) September 30, 2003 December 31, 2003

Commence Construction:

FY 1999-2000 (1 unit) December 30, 2003 March 30, 2004 FY 2000-01 (3 units) December 30, 2003 March 30, 2004

Failure to obtain building permits and commence construction by the date listed in Section V. above, shall result in the loss of building allocations. Failure to submit a Final Map Application or a Building Permit Submittal, Sections III. and IV., respectively, six (6) or more months beyond the filing dates listed above, shall result in applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above, Sections III. and IV., respectively, may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

City of Morgan Hill Ordinance No. 1648, New Series Page 3

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 2 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

The foregoing ordinance, as amended, was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

#### **EXECUTE OF THE CITY CLERK 03**

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1648, New Series, as amended, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 21<sup>st</sup> Day of January, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



#### **ADOPT ORDINANCE NO. 1649, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT ON A .30 ACRE AREA OF APN 726-24-023 CHANGING THE ZONING DESIGNATION FROM R-3 TO R-2/RPD AND APPROVAL OF A RESIDENTIAL PLANNED DEVELOPMENT OVERLAY AND PRECISE DEVELOPMENT PLAN FOR A 16 UNIT R-2 (3,500)/RPD MULTI FAMILY LOW DEVELOPMENT LOCATED ON THE EAST SIDE OF MCLAUGHLIN AVENUE, NORTH OF CENTRAL AVE. (APNS 726-24-006, 007, 022, 023 & 024)

Agenda Item # 15	
Prepared By:	
<b>Deputy City Clerk</b>	
Approved By:	
City Clerk	
Submitted By:	
City Manager	

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1649, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1649, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

No budget adjustment necessary.

#### **ORDINANCE NO. 1649, NEW SERIES**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A **ZONING** AMENDMENT ON A .30 ACRE AREA OF APN 726-24-023 CHANGING THE ZONING DESIGNATION FROM R-3 TO R-2/RPD AND APPROVAL OF A RESIDENTIAL PLANNED DEVELOPMENT **OVERLAY** AND **PRECISE** DEVELOPMENT PLAN FOR A 16 UNIT R-2 (3,500)/RPD MULTI FAMILY LOW DEVELOPMENT LOCATED ON THE EAST SIDE OF MCLAUGHLIN AVENUE, NORTH OF CENTRAL AVE. (APNS 726-24-006, 007, 022, 023 & 024)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- **SECTION 3.** An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration will be filed.
- **SECTION 4.** The City Council finds that the proposed RPD Overlay District is consistent with the criteria specified in Chapter 18.18 of the Morgan Hill Municipal Code.
- **SECTION 5.** The City Council hereby approves a precise development plan as contained in that certain series of documents series of documents dated October 21, 2003, on file in the Community Development Department, entitled "Development Plan for Central and McLaughlin" prepared by Ruggeri-Jensen-Azar & Associates. These documents, as amended by site and architectural review, show the location and sizes of all lots in this development and the location and setbacks of all proposed buildings, vehicle and pedestrian circulation ways, recreational amenities, parking areas, landscape areas and any other purposeful uses on the project.
- **SECTION 6.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- **SECTION 7.** Any building additions within this RPD shall be subject to compliance with the base R-2(3,500) site development standards as contained in section 18.14 as amended in the Morgan Hill Municipal Code.
- **SECTION 8.** The following modifications shall be included within the precise development plan:

City of Morgan Hill Ordinance No. 1649, New Series Page -2-

- 1. Decorative open fencing shall be provided along the railroad tracks.
- 2. Application shall apply for vacation of the Central Ave. right-of-way between the railroad track and proposed cul-de-sac bulb.
- 3. The parking and pavement (both proposed and existing) at the end of the Central Ave. cul-de-sac shall be eliminated.
- 4. Significant amounts of the landscaping and continuation of the pedestrian path shall be included within the area at the end of the Central Ave. cul-de-sac.
- 5. The front lot line of lot 15 shall be moved forward to provide frontage on the cul-de-sac.
- 6. A minimum 4 ft. setback variation shall be provided between all attached units with the exception of the units proposed on lots 8 & 9.
- 7. Lots 1 shall maintain a 15 ft. rear yard setback.
- 8. Lot 3 shall maintain a 13 ft. rear yard setback and Lot 4 shall maintain a 10 ft. minimum rear yard setback.
- 9. Eliminate the secondary dwelling units on lots 1 & 2 unless other wise allowed through a subsequent amendment of the R-2 zoning code.

**SECTION 9.** The City Council hereby amends to the City Zoning Map as shown in attached exhibit A.

**SECTION 10.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor	
ATTEST:		APPROVED:	
ABSENT:	COUNCIL MEMBERS:		
ABSTAIN:	<b>COUNCIL MEMBERS:</b>		
NOES:	<b>COUNCIL MEMBERS:</b>		
AYES:	COUNCIL MEMBERS:		

City of Morgan Hill Ordinance No. 1649, New Series Page -3-

#### **EXECUTE:** SET IN SECTION SECTION SET IN SECTION SET IN SECTION SET IN SECTION SECTION SET IN SECTION SECTION SET IN SECTION SECT

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1649, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 21<sup>st</sup> Day of January, 2004.

#### WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	<u></u>
	IRMA TORREZ, City Clerk



<b>ADOPT</b>	<b>ORDINANC</b>	E NO.	1650.	NEW	SERIES
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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT DA-03-02: MCLAUGHLIN-JONES (APNS 726-24-006 & 007)

Agenda Hem # 10	_
Prepared By:	
Deputy City Clerk	
Approved By:	
City Clerk	
Submitted By:	
City Manager	

#### **RECOMMENDED ACTION(S):**

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1650, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

#### **EXECUTIVE SUMMARY:**

On December 17, 2003, the City Council Introduced Ordinance No. 1650, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

#### **FISCAL IMPACT:**

No budget adjustment necessary.

#### ORDINANCE NO. 1650, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT DA-03-02: MCLAUGHLIN-JONES (APNS 726-24-006 & 007)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 00-17 adopted April 25, 2000, has awarded allotments to that certain project herein after described as follows:

<u>Project</u> <u>Total Dwelling Units</u>

MMP 00-03: McLaughlin-Jones 5 Single-Family Homes

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the Residential Development Agreement and Development Proposal approved by this ordinance (and attached hereto) are compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1650, New Series Page 2

**SECTION 8.** Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 17th Day of December 2003, and was finally adopted at a regular meeting of said Council on the 21<sup>st</sup> Day of January 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	<b>COUNCIL MEMBERS:</b>	
NOES:	<b>COUNCIL MEMBERS:</b>	
ABSTAIN:	<b>COUNCIL MEMBERS:</b>	
ABSENT:	<b>COUNCIL MEMBERS:</b>	
ATTEST:		APPROVED:
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor
	<b>∞</b> <u>CERTIFICATE C</u>	OF THE CITY CLERK ©
CALIFORN 1650, New S	IA, do hereby certify that the for	regoing is a true and correct copy of Ordinance Noticil of the City of Morgan Hill, California at the ty, 2004.
WIT	NESS MY HAND AND THE SI	EAL OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk



### RESULTS OF PRELIMINARY TRAFFIC CALMING STUDIES AT FOUR CITY LOCATIONS

Agenda Item # 17
Prepared By:
Public Works Director
Submitted By:
City Manager

**RECOMMENDED ACTION(S):** Information only at this time pending approval of Neighborhood Traffic Management Policy.

**EXECUTIVE SUMMARY:** The attached represents work by Fehr & Peers to study four specific neighborhood traffic problems where traffic calming measures may be effective at reducing travel speeds and/or volumes on these neighborhood streets. Also on tonight's agenda is a business item for adoption of a Neighborhood Traffic Management Policy (traffic calming policy) which would generally provide a policy on how the City would accept, review, and implement traffic calming on our local residential streets.

These studies at the four locations are preliminary since many of the issues described in the proposed policy could not be fully researched and advanced without public meetings and petitions of support from the affected residential neighborhood. If Council adopts the recommended policy with or without modification, then as one or more of these or other neighborhoods request consideration of traffic calming measures, the policy would provide a systematic method for evaluating the problem, soliciting neighborhood support, and for funding the construction of the various features.

**FISCAL IMPACT:** None at this time.



## REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: January 21, 2004

#### **DECEMBER 2003 FINANCE & INVESTMENT REPORT**

Agenda Item # 18
Prepared By:
Finance Director
Submitted By:

**Executive director** 

#### **RECOMMENDED ACTION:**

Accept and File Report

**EXECUTIVE SUMMARY:** Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of December 2003. The report covers activity for the first six months of the 2003/2004 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

**FISCAL IMPACT:** As presented.

# REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL

### **Monthly Financial and Investment Reports**

December 31, 2003 - 50% Year Complete



Prepared by:

FINANCE DEPARTMENT



#### REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA

FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04 FOR THE MONTH OF DECEMBER 2003 - 50% OF YEAR COMPLETE

#### Revenues

Through December 31, the Redevelopment Agency received \$7,158,830 in property tax increment revenues. Most property tax increment revenues are received between December and April. The Redevelopment Agency, as of December 31, 2003, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$63,183,051, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. Since the \$100 million tax increment cap for the original plan was reached during 1999/2000, all tax increment revenues collected during 2003/2004 were collected under the plan amendment.

An amount of \$147,443 in interest earnings has been received through December. Additional interest earnings earned for the quarter ended December 2003 have not been included and will be posted in January. Other revenues represent charges for services and total \$21,864.

#### **Expenditures**

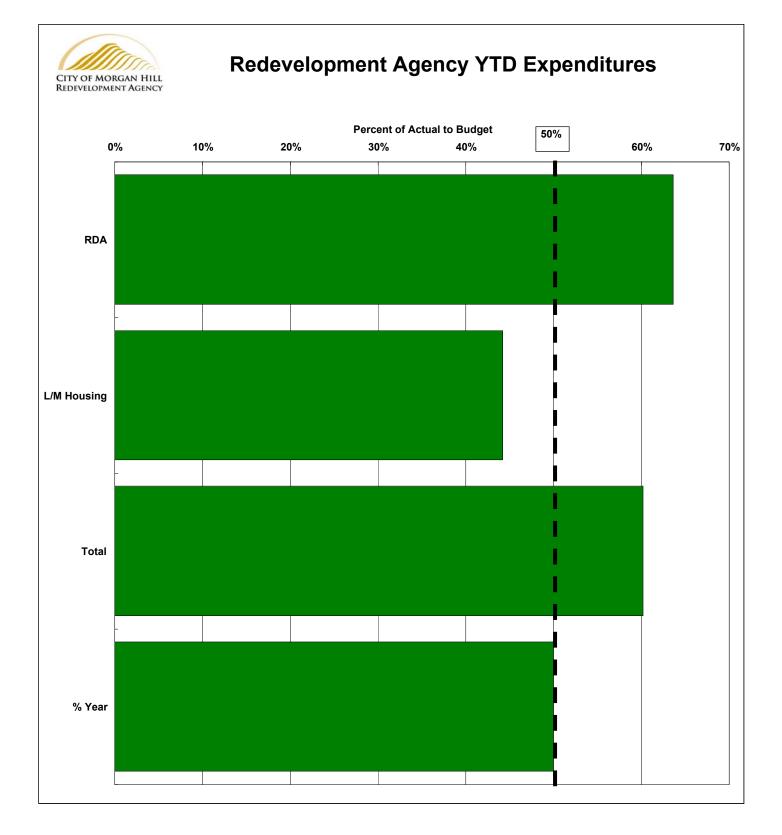
Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$25,423,985 and were 64% of budget. Of this total, \$10,500,972 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 37% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 43% of budget. During July, the Agency made a \$2.55 million installment payment towards the purchase of the Sports Complex property. During July, the Agency also spent approximately \$3.5 million for the purchase of the Courthouse Facility property. Through December, the Agency has incurred \$4.3 million in acquisition and construction costs related to the Butterfield Blvd. Phase IV Project and has incurred \$2.5 million in costs associated with the construction of the Aquatics Complex. All Capital Projects expenditures during 2003/04 have used monies collected under the plan amendment.

Budgeted expenditures plus encumbrances for Housing were at 44% of the budget for a total of \$3,774,251. During July, the Agency paid approximately \$3 million for the purchase of the Royal Court Apartments. Although certain loans and grants for various housing loan and grant programs have been committed, the related funds have not been drawn down by the recipients and, hence, are not reflected in the expenditures. All of the 2003/04 housing related expenditures has been funded with tax increment collected under the plan amendment.

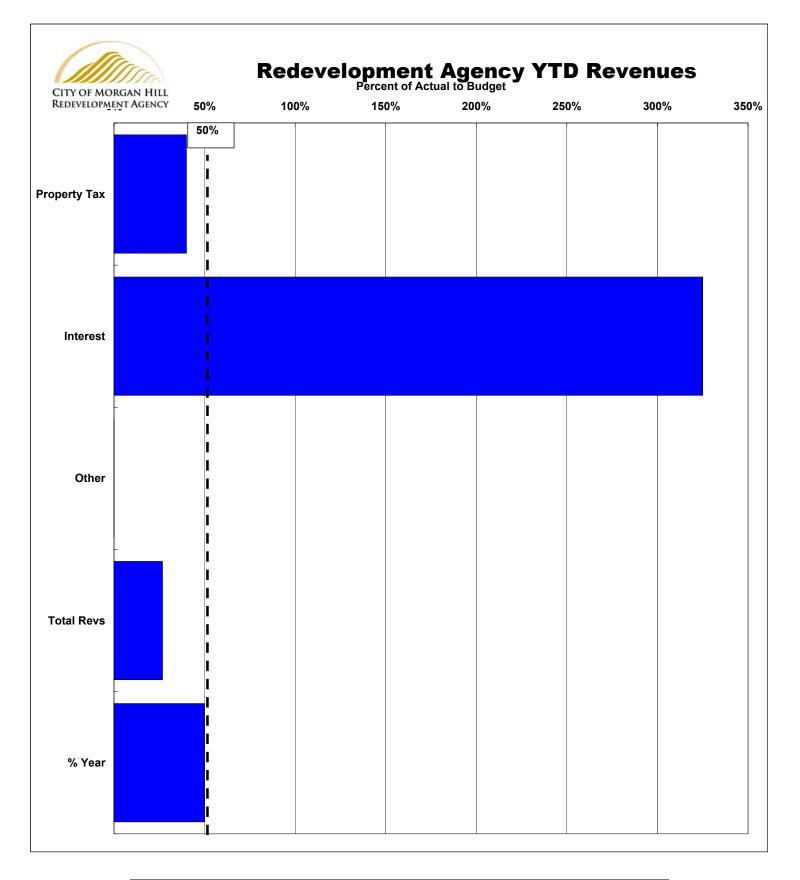
#### **Fund Balance**

The unreserved negative fund balance of (\$1,231,016) for the Capital Projects Fund at December 31, 2003, reflected the large amount of current contract encumbrances, not yet expended, and consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$3.6 million for the Courthouse Facility, an additional \$3,250,000 for purchase of the Gunderson property, and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments are subtracted from the (\$1,231,016), the remaining unreserved fund balance at December 31 would be a negative (\$9,691,016). However, these commitments are expected to be paid out over the next 2 to 3 years. Staff will bring a short-term borrowing plan to the Board in the near future to finance the 2003/04 cash flow needs, as provided for in the current 2003/04 budget. The Capital Projects Fund cash balance at December 31 was \$9,286,936.

The unreserved fund balance of \$4,180,142 for the Housing Fund at December 31 consisted of funds all collected under the plan amendment.



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$39,964,615	\$25,423,985	64%
HOUSING	8,538,767	3,774,251	44%
TOTALS	\$48,503,382	\$29,198,236	60%



			% OF	<b>PRIOR YEAR</b>	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	<b>BUDGET</b>	TO DATE	PRIOR YEAR
PROPERTY TAXES	\$17,877,658	\$7,158,830	40%	\$8,020,478	-11%
INTEREST INCOME/RENTS	\$45,364	\$147,443	325%	\$184,259	-20%
OTHER REVENUE	\$23,536,663	\$21,864	0%	\$5,089	330%
TOTALS	\$27,373,112	\$7,328,137	27%	\$8,209,826	-11%



Redevelopment Agency Fund Balance Report - Fiscal Year 2003/04 For the Month of December 2003 50% of Year Complete

			Revenue	s	Expenditu			Ending Fund Balance		ce Cash and Investments	
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-03	Actual	Budget	Actual	Budget	Carryover	Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$20,860,548	5,603,550	24%	14,923,013	37%	(9,319,463)	12,772,101	(1,231,016)	0.206.026	
							( ', ', ',	, ,			
327/328	HOUSING	\$24,240,428	1,724,587	45%	3,683,032	43%	(1,958,445)	18,101,840	\$4,180,142	4,280,859	
TOTAL C	APITAL PROJECT FUNDS	<u>\$45,100,976</u>	7,328,137	<u>27%</u>	18,606,045	<u>38%</u>	(11,277,908)	30,873,941	2,949,126	13,567,795	
SUMMAR	Y BY FUND TYPE										
	CAPITAL PROJECTS GROUP	\$45,100,976	7,328,137	27%	18,606,045	38%	(11,277,908)	30,873,941	2,949,126	13,567,795	
	TOTAL ALL GROUPS	<u>\$45,100,976</u>	7,328,137	<u>27%</u>	18,606,045	38%	(11,277,908)	30,873,941	2,949,126	13,567,795	
	TOTAL CASH AND INVESTMENTS									13,567,795	

<sup>&</sup>lt;sup>1</sup> Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency Year to Date Revenues - Fiscal Year 2003/04 For the Month of December 2003 50% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll Development Agreements	14,086,573	14,086,573	5,488,793	39% n/a	6,415,034	(926,241)	-14% n/a
Interest Income, Rents Other Agencies/Current Charges	9,450,000	23,536,573	93,787 20,970	n/a <u>0%</u>	136,529 4,549	(42,742) 16,421	-31% <u>361%</u>
TOTAL CAPITAL PROJECTS	23,536,573	23,536,573	5,603,550	24%	6,556,112	(952,562)	<u>-15%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll Interest Income, Rent Other	3,791,085 45,364 <u>90</u>	3,791,085 45,364 <u>90</u>	1,670,037 53,656 894	44% 118% <u>993%</u>	1,605,444 47,730 540	64,593 5,926 354	4% 12% <u>66%</u>
TOTAL HOUSING	3,836,539	3,836,539	1,724,587	<u>45%</u>	1,653,714	70,873	<u>4%</u>
TOTAL CAPITAL PROJECTS FUNDS	27,373,112	27,373,112	7,328,137	27%	8,209,826	(881,689)	-11%



#### Redevelopment Agency Year to Date Expenditures - Fiscal Year 2003/04 For the Month of December 2003 50% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET		
317 CAPITAL PROJECTS										
	BAHS Administration BAHS Economic Developme BAHS CIP	97,277 46,338 532,489	1,509,317 4,516,120 21,320,714	1,598,923 8,204,443 30,161,249	619,919 3,536,622 10,766,472	67,211 206,460 10,227,301	687,130 3,743,082 20,993,773	43% 46% <u>70%</u>		
TOTAL CAPITAL PROJECTS		676,104	27,346,151	39,964,615	14,923,013	10,500,972	25,423,985	<u>64%</u>		
327 ANI	D 328 HOUSING									
	Housing	87,474	4,592,332	8,538,767	3,683,032	91,219	3,774,251	<u>44%</u>		
TO <sup>*</sup>	TAL HOUSING	87,474	4,592,332	8,538,767	3,683,032	91,219	3,774,251	<u>44%</u>		
TOTAL	CAPITAL PROJECT FUND	763,578	31,938,483	48,503,382	18,606,045	10,592,191	29,198,236	60%		

Redevelopment Agency of the City of Morgan Hill Balance Sheet Report - Fiscal Year 2003/04 For the Month of December 2003 50% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS	,	
Cash and investments: Unrestricted Accounts Receivable Loans and Notes Receivable <sup>1</sup>	9,286,936 3,200	4,280,859 7,806
Advance to Other Funds Fixed Assets <sup>2</sup> Other Assets	3,343,914 71,049	24,292,928
Total Assets	12,705,099	28,581,593
LIABILITIES		
Accounts Payable and Accrued Liabilities Deferred Revenue <sup>3</sup> Accrued Vacation and Comp Time	20,179 1,143,834	13,355 6,286,255
Total liabilities	1,164,013	6,299,610
FUND BALANCE		
Fund Balance  Reserved for:		
Encumbrances Advance to Other Funds Properties Held for Resale	10,500,972 71,049	91,219
Loans and Notes Receivable	2,200,080	18,010,621
Total Reserved Fund balance	12,772,101	18,101,840
Unreserved Fund Balance	(1,231,015)	4,180,143
Total Fund Balance	11,541,086	22,281,983
Total Liabilities and Fund Balance	12,705,099	28,581,593

<sup>&</sup>lt;sup>1</sup> Includes Housing Rehab loans and loans for several housing and Agency projects.

<sup>&</sup>lt;sup>2</sup> Includes RDA properties held for resale.

<sup>&</sup>lt;sup>3</sup> Includes the deferred payment portion of the loans noted above.



## REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: January 21, 2004

## ANNUAL STATE REDEVELOPMENT REPORTS FOR FISCAL YEAR 2002/03

Agenda Item # 19
Prepared By:
Finance Director
Submitted By:
Executive Director

#### **RECOMMENDED ACTION:**

File the 2002/03 Redevelopment Agency's Annual Report of Financial Transactions, Housing Annual Report of Housing Activity, and Property Report.

#### **EXECUTIVE SUMMARY:**

State law requires that each redevelopment agency annually prepare and submit to the State certain reports. It also requires that these reports be provided to the local legislative body, so these reports are being presented for your review. Staff has prepared and submitted to the State the attached "Annual Report of Financial Transactions" and "Annual Report of Housing Activity".

The Annual Report of Financial Transactions provides the details of Agency account balances at 6/30/2003 and financial activities for the 2002/03 year. It also includes the annual "Statement of Indebtedness", previously submitted to Santa Clara County, which summarizes all Agency indebtedness, as of 9/30/2003, as defined under State law. The Agency's indebtedness is comprised of obligations related to the low and moderate housing set-aside, statutory pass-throughs to other agencies, the County Courthouse, property acquisition for the Indoor Recreation Center, property acquisition for the Sports Complex, and construction contracts. Also included in the report sent to the State, but not attached to this staff report, were the Agency's financial statements for the 2002/03 fiscal year that were previously provided to the Board.

The attached Annual Report of Housing Activity provides financial and narrative detail concerning the Agency's 2002/03 housing activity.

Also attached (as the last page to this staff report) and required to be provided to the Board is a Property Report which lists all properties owned by the agency at 6/30/2003.

FISCAL IMPACT: N/A



## CITY COUNCIL STAFF REPORT

### MEETING DATE: January 21, 2004

#### REFINANCING FEE

#### **RECOMMENDED ACTIONS:**

- 1. Open & close Public Hearing
- 2. Adopt the Resolution

Agenda Item # 20
Prepared By:
Finance Director
Submitted By:
City Manager

**EXECUTIVE SUMMARY:** On July 17, 2002, the City Council adopted a new schedule of user fees, service charges, and miscellaneous utility fees. The revised fees and new fees were based upon the attached study conducted by the City's consultant, Maximus. The consultant and staff presented proposed changes to User Fees, Service Charges, and Miscellaneous Utilities Fees in the categories of Planning, Building, Engineering, Police, Recreation, Finance, City Clerk, and Miscellaneous Utilities fees. The consultant determined the fee necessary to recover the estimated cost incurred by the City for each activity for which the City charges the public.

Staff has determined that there is a need to implement a new fee to recover the cost of City resources used to process the documentation necessary to allow a party to refinance outside loans and still maintain benefits received from the City or Redevelopment Agency. These benefits are housing loans in some cases, and mean subordinating Below Market Rate resale agreements to outside loans in other cases. It is proposed that this fee apply only to all refinancings after the first one within any twelve month period. Staff believes that it is the mission of the City and Agency to assist these homeowners to minimize their home loan payments, but also believes that excessive refinancing of loans can cause an additional financial burden on the City's resources that should be compensated by the loan recipient.

Staff has used methodology consistent with that applied by the City's consultant and has calculated a fee of \$135 plus the incremental cost of any necessary overtime spent by City staff. This would fully recover the cost of processing the documentation for loans that meet this criterion.

**FISCAL IMPACT:** If the City Council adopts the proposed fees, the City would recover its costs to process the refinancing of such loans.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL REVISING FEES AND SERVICE CHARGES PURSUANT TO TITLE 3, CHAPTER 3.50, OF THE MORGAN HILL MUNICIPAL CODE

WHEREAS, on September 7, 1988, the City Council of the City of Morgan Hill adopted Ordinance No. 880, N.S., codified as Chapter 3.50 of the Morgan Hill Municipal Code, which establishes City policy as to the percentage of the City's costs to be recovered from users of City services; and,

**WHEREAS,** consistent with Chapter 3.50, City policy is to recover the full cost of providing special services of a voluntary and limited nature, in order that general tax monies used to fund services of a broader nature, such as police and fire protection, are not diverted and thereby utilized to unfairly and inequitably fund special services; and,

**WHEREAS,** in order to effectuate its cost recovery policy the City Council has adopted various resolutions setting forth fees and charges; and,

**WHEREAS,** on January 21, 2004, the City Council held a noticed public hearing on the fees, and duly considered all written and verbal information presented to it, which testimony and exhibits are hereby incorporated into the record of this matter.

**NOW, THEREFORE,** the City Council of the City of Morgan Hill, based upon all documents, statements and facts known to the City, does hereby resolve:

**SECTION 1.** Fee Schedule Adoption. Based upon the record before it and the findings set forth above, the City Council hereby adopts the schedule of fees and charges attached hereto and incorporated herein as Exhibit A, so that the fees and charges attached hereto in Exhibit A are implemented. The City Council directs the City Manager to have appropriate City departments apply and collect said fees for identified services.

**SECTION 2.** Separate Fee For Each Process; Additional Fees and Refunds. All fees set by this resolution are for each identified process or service. Additional fees shall be required for each additional process or service that is requested or required. Where fees are indicated on a per unit basis of measurement, the fee stated is for the identified unit or portion thereof within the indicated ranges of such units.

**SECTION 3.** <u>Collection of Fees and Implementation Dates.</u> The City Council hereby orders that all increases in fees specified in Exhibit A be effective February 23, 2004.

City of Morgan H	ill
Resolution No.	
Page -2 -	

**SECTION 4.** Automatic Annual Adjustment. Each fee which is referenced in Exhibit A shall be adjusted automatically on July 1 of each fiscal year, beginning on July 1, 2004, by the increase in the Consumer Price Index for Urban Wage Earners, for the year ended the previous April.

**SECTION 5.** <u>Interpretation.</u> This Resolution may be interpreted by the City Manager. Should there be a conflict in regards to the applicability of the fees, or the charges imposed thereunder, the City Manager is authorized to determine which fee, or combination thereof, should be applied.

**SECTION 6.** <u>Severability.</u> If any portion of this Resolution is declared invalid by a court of competent jurisdiction then it is the intent of the City Council that all other portions of the Resolution shall be severed and remain in full force and effect.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 21<sup>st</sup> of January, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: ABSENT: COUNCIL MEMBERS:

#### **\*** CERTIFICATION \*

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on January 21, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
_	IRMA TORREZ, City Clerk

#### **EXHIBIT A**

Service No	Account Number	Service Center	Unit	Current Fee	Proposed Fee
130	Fund 327 Account 37685	Refinancing Processing Fee	Application, for each application in excess of one during any 12 month continuous period	0	\$135 + CPI, + incremental cost of any staff overtime



# CITY COUNCIL STAFF REPORT MEETING DATE: January 21, 2004

## FEE IMPLEMENTING CITYWIDE BURROWING OWL HABITAT MITIGATION PLAN

#### **RECOMMENDED ACTIONS:**

- 1. Open & close Public Hearing
- 2. Adopt the Resolution

Agenda Item # 21
Prepared By:
Finance Director
Submitted By:
City Manager

**EXECUTIVE SUMMARY:** On June 4, 2003, the City Council adopted the Citywide Burrowing Owl Habitat Mitigation Plan, dated June 30, 2003. The Plan was compiled by consultant Albion Environmental Science Associates. The Plan identified the need for a fee to implement the Plan and recommended a fee.

The consultant determined the fee necessary to recover the estimated cost incurred by the City to implement the Plan, and staff concurs with their analysis. The proposed fee would fully recover the cost of implementing the Plan.

The proposed fee amounts to \$149 per residential unit or \$1,045 per acre for non-residential development, as described in Exhibit A to the Resolution.

**FISCAL IMPACT:** If the City Council adopts the proposed fees, the City would recover its costs to implement the Citywide Burrowing Owl Habitat Mitigation Plan from new development.

#### RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL REVISING FEES AND SERVICE CHARGES PURSUANT TO TITLE 3, CHAPTER 3.50, OF THE MORGAN HILL MUNICIPAL CODE

**WHEREAS,** on September 7, 1988, the City Council of the City of Morgan Hill adopted Ordinance No. 880, N.S., codified as Chapter 3.50 of the Morgan Hill Municipal Code, which establishes City policy as to the percentage of the City's costs to be recovered from users of City services; and,

**WHEREAS,** consistent with Chapter 3.50, City policy is to recover the full cost of providing special services in order that general tax monies used to fund services of a broader nature, such as police and fire protection, are not diverted and thereby utilized to unfairly and inequitably fund special services; and,

**WHEREAS,** in order to effectuate its cost recovery policy the City Council has adopted various resolutions setting forth fees and charges; and,

**WHEREAS**, the Citywide Burrowing Owl Habitat Mitigation Plan, dated June 30, 2003, compiled by consultants Albion Environmental and Environmental Science Associates, and adopted by the City Council on June 4, 2003, analyzed the need for adoption of a fee to implement said Plan; and

**WHEREAS,** City staff has made available to the public documentation related to the costs of providing those services and related to the revenues produced by those paying fees and charges for those services; and,

**WHEREAS,** on January 21st, 2004, the City Council held a noticed public hearing on the fees, and duly considered all written and verbal information presented to it, which testimony and exhibits are hereby incorporated into the record of this matter.

**NOW, THEREFORE,** the City Council of the City of Morgan Hill, based upon all documents, statements and facts known to the City, and on the record before it, does hereby resolve:.

**SECTION 1.** <u>Fee Schedule Adoption</u>. Based upon the record before it and the findings set forth above, the City Council hereby adopts the schedule of fees and charges attached hereto and incorporated herein as <u>Exhibit A</u>, so that the fees and charges attached hereto in Exhibit A are implemented. The City Council directs the City Manager to have appropriate City departments apply and collect said fees for identified services.

City of Morgan Hill Resolution No. Page -2 -

- **SECTION 2.** Separate Fee For Each Process; Additional Fees and Refunds. All fees set by this resolution are for each identified process or service. Additional fees shall be required for each additional process or service that is requested or required. Where fees are indicated on a per unit basis of measurement, the fee stated is for the identified unit or portion thereof within the indicated ranges of such units.
- **SECTION 3.** Collection of Fees and Implementation Dates. The City Council hereby orders that all increases in fees specified in Exhibit A be effective March 22, 2004.
- **SECTION 4.** <u>Automatic Annual Adjustment</u>. Each fee which is referenced in <u>Exhibit A</u> shall be adjusted automatically on July 1 of each fiscal year, beginning on July 1, 2004, by the increase in the Consumer Price Index for Urban Wage Earners, for the year ended the previous April.
- **SECTION 5.** <u>Interpretation.</u> This Resolution may be interpreted by the City Manager. Should there be a conflict in regards to the applicability of the fees, or the charges imposed thereunder, the City Manager is authorized to determine which fee, or combination thereof, should be applied.
- **SECTION 6.** Severability. If any portion of this Resolution is declared invalid by a court of competent jurisdiction then it is the intent of the City Council that all other portions of the Resolution shall be severed and remain in full force and effect.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 21<sup>st</sup> of January, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

#### **\*** CERTIFICATION **\***

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on January 21, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

City of Morgan Hill Resolution No. Page -3 -

#### **EXHIBIT A**

Service	Account	Service Center	Unit	Current Fee	Proposed
No	Number				Fee
14	Fund 206	Burrowing Owl Mitigation			
	Account				
	38145	Residential	Residential	0	\$149 + CPI
			Unit		
		Non-residential	Acre	0	\$1,045 + CPI



## CITY COUNCIL STAFF REPORT

## MEETING DATE: January 21, 2004

#### WATER RATES **RECOMMENDED ACTIONS:**

1) Open and close the public hearing

2) Adopt the Resolution revising monthly water system fees

**EXECUTIVE SUMMARY:** On November 19, 2003, the City Council directed staff to set a water rate and water conservation workshop for commercial irrigation customers to encourage conservation and to set a January 21, 2004, public hearing

for consideration of surcharges to water rates effective April 2004 and January of 2005, 2006, and 2007.

Agenda Item # 22 Prepared By: **Finance Director Submitted By:** City Manager

Staff has further analyzed water operations, rate stabilization, and capital projects fee fund activity and fund balances for the period July 2002 to June 2007. Staff has compared financial activity and balances projected by the City's rate consultant, Hilton Farnkopf & Hobson in their Water and Sewer Fund Revenue Requirements Study dated 10/17/02, with current staff projections. The revenue requirement, or amount that needs to be generated by rate revenue for the period July 2002 through June 2007, has been estimated by staff to be \$34.0 million, or \$2.7 million more than projected funding from existing rates.

The need to raise additional revenue is primarily related to unexpected perchlorate costs. The City will have spent \$1.4 million on drilling wells, building perchlorate plants, removing nitrates, and monitoring perchlorate in the water supply by June 2004, and expects to spend a \$3.2 million on perchlorate related costs by June 2007, which may not be immediately reimbursed by Olin Corp. Lower rate revenue of \$798,000 also contributes to this shortfall, and this reflects recent relatively flat growth in the volume of water sold to the City's customers, in contrast to the growth anticipated by the consultant. The slowdown in the commercial area has contributed to this drop in anticipated revenue. The \$214,000 in higher operations costs also contributes to the shortfall, and results from higher electricity and personnel costs.

The revenue requirement, or amount that needs to be generated by rate revenue for the period July 2002 through June 2007 in order to meet operating, capital, and reserve requirements, has been estimated by staff to be \$34.0 million. This conclusion assumes that the City Council restates the reserve requirements to be similar in dollar amount to the total dollar level originally recommended by the City's rate consultant rather than as percentages of costs or revenues. Staff believes that reserves will be adequate, and the recommended water rate surcharges would be reduced to 5% from 6% per year, as originally recommended by staff.

Staff proposes that the Finance Director's annual September 30 report analyze whether the amount of surcharges collected from rate payers is sufficient to finance all anticipated perchlorate related costs through June 30 of the fourth year following. Any amount determined by the City Council to be in excess of the amount needed to finance all anticipated perchlorate related costs, based upon the report, shall be refunded to customers through future across-the-board percentage rate reductions approved by the City Council. Perchlorate surcharge revenues shall be segregated by City staff and spent only on perchlorate related costs.

On September 24, the City Council also indicated that they wanted to discuss strategies for decreasing water usage and encouraging conservation, including educating the public about these issues. On November 19, 2004, the City Council considered a staff "Water Conservation Summary" prepared by Public Works and directed staff to take steps to make the City's "Water Conservation Landscape Guide", adopted in 1990, mandatory for all new development. In addition, the City Council directed staff to return with a proposal for a tiered rate structure for irrigation accounts and to differentiate between types of irrigation users in this structure. In response, staff classified all water irrigation accounts into governmental users and commercial, industrial, and homeowner association users. For commercial, industrial, and homeowner association irrigation users, staff now proposes that rates be increased by 50% for all usage over certain thresholds. Staff scheduled a meeting on Friday, January 16 with the 37 affected customers who use large amounts of irrigation water. Staff will update the City Council at the January 21 public hearing regarding customer feedback.

**FISCAL IMPACT:** The proposed water rate increases and debt financing would fully fund water needs.



# **Memorandum Finance Department**

**Date:** January 21, 2004

**To:** Ed Tewes, City Manager

**From:** Jack Dilles, Finance Director

**Subject: WATER RATES** 

**EXECUTIVE SUMMARY:** On September 24, the City Council accepted the Finance Director's report concerning the necessity of implementing the previously approved 2% water rate increase, effective January 2004, and also directed staff to return with a full analysis of water revenues and costs and with proposed water rates through 2007. Under Resolution No. 5638, the rate structure must provide for the following reserve levels:

a) Operating Reserve amounting to 25% of annual operating expenses

- b) Capital Reserve equal to the greater of one year's average annual five-year Capital Improvement Program costs or the minimum amount necessary to keep the Capital Reserve above \$0
- c) Rate Stabilization reserve amounting to 20% of annual operating revenue

Staff has analyzed water operations, rate stabilization, capital projects, and impact fee fund activity and fund balances for the period July 2002 to June 2007. The revenue requirement, or amount that needs to be generated by rate revenue for the period July 2002 through June 2007 in order to meet operating, capital, and reserve requirements, has been estimated by staff to be \$34.0 million, as detailed graphically on Attachment A, or \$2.7 million more than projected funding from existing rates. This conclusion assumes that the City Council restates the reserve requirements to be similar in dollar amount to the total dollar level originally recommended by the City's rate consultant rather than being calculated as percentages pf costs or revenues as originally proposed by the consultant. By doing this, staff believes that the reserves will be adequate, and the recommended surcharge to water rates would be reduced to 5% per year from 6% per year, as originally recommended by staff. The recommended reserve levels would be stated as follows and as included in the attached Resolution:

- a) Operating Reserve amounting to \$1.8 million
- b) Capital Reserve equal to \$1.2 million
- c) Rate Stabilization reserve amounting to \$1.3 million

In Attachment B, staff has compared financial activity and balances projected by the City's rate consultant, Hilton Farnkopf & Hobson (HFH) in their Water and Sewer Fund Revenue Requirements Study dated 10/17/02, with staff projections based upon current spending plans and previously adopted 2% rate increases on each January of 2004 through 2007. The analysis shows that, with no further revenue increases or spending changes, the City would have approximately \$1.7 million in fund balance for all rate financed funds combined at June 30, 2007, or \$2.7 million less than the \$4.4 million anticipated by HFH at the time the study was adopted. Attachment C graphically reflects the shortfall in projected funding compared to fund balance requirements for the five year period ending June 2007. The total drop in fund balance is attributable to the following:

TOTAL SHORTFALL IN CONSULTANT'S PROJECTIONS	(2,645,289)
<u>CAPITAL PROJECTS (NON-IMPACT FEE PROJECTS)</u> Lower capital project costs Transfers to impact fee fund (to be repaid) Olin reimbursement reflected by consultant as impact fund revenue NET CAPITAL PROJECTS SAVINGS	350,578 (40,889) <u>800,000</u> <u>1,109,689</u>
PERCHLORATE RELATED COSTS Perchlorate costs New well related to perchlorate TOTAL PERCHLORATE RELATED COSTS	(2,419,722) (800,000) (3,219,722)
OPERATING COSTS-OTHER THAN PERCHLORATE Higher pump tax costs paid to Water District Higher other operating costs (electricity & personnel costs) TOTAL HIGHER NON-PERCHLORATE OPERATING COSTS	(36,884) (213,519) (250,403)
<u>REVENUES:</u> Less rate revenue than projected by consultant Increase in other revenues/interest earnings NET REVENUE SHORTFALL	(797,352) 512,499 (284,853)

To reach the target reserve levels, it is necessary to generate \$2.7 million in new revenues. Staff proposes that this goal be achieved through a water rate surcharge (across-the-board) equal to an additional 5% on April 1, 2004, and by the same amount on each January 1 of 2005, 2006, and 2007. In Attachment D, staff has compared financial activity and balances projected by HFH with staff projections based upon current spending plans, previously adopted 2% rate increases on each January of 2004 through 2007, and proposed 5% rate surcharges (as a separate line item). Attachment E graphically reflects how projected funding would meet revenue requirements by June 2007 when the 5% rate surcharges are included.

As can be seen on the above schedule, the need to raise additional revenue is primarily related to unexpected perchlorate costs. The City will have spent \$1.4 million on drilling wells, building perchlorate plants, removing nitrates, and monitoring perchlorate in the water supply by June 2004, and expects to spend a whopping \$3.2 million on perchlorate related costs by June 2007. This does not include the \$800,000 in costs related to drilling the San Pedro Well, for which staff expects Olin Corporation to fully reimburse the City, nor does this include the expected \$200,000 Santa Clara Valley Water District contribution for the Tennant Well perchlorate removal plant. To date, the City has received approximately \$464,000 of the \$800,000 San Pedro cost from Olin. The City is actively seeking additional reimbursements above the \$800,000 from Olin, and as those amounts are received, they could be credited to rate payers if reserve levels are adequate at that time.

Staff proposes that The Finance Director's annual report due by each September 30 also analyze whether the amount of surcharges collected from rate payers is sufficient to finance all anticipated perchlorate related costs through June 30 of the fourth year following the report. Any amount determined by the City Council to be in excess of the amount needed to finance all anticipated perchlorate related costs, based upon the Finance Director's annual report, shall be refunded to customers through future across-the-board percentage rate reductions to be approved by the City Council. All perchlorate surcharge revenues shall be segregated by City staff, spent only on perchlorate related costs.

It should be noted that the Santa Clara Valley Water District increased the water pump tax it charges the City for water purchases in July 2003 by 14% from \$140 to \$160 per acre foot, and their staff has projected annual \$20 increases in July 2004 through July 2008, resulting in \$37,000 more in costs than projected by the consultant. This does not have a material effect on overall projections within the five year period because less water has been purchased than the consultant projected. However, these likely increases portend a larger fiscal impact after 2007. District staff has also indicated to City staff that they are looking at proposing an additional \$10 to \$20 per acre foot increase because of perchlorate related costs incurred by the District.

The \$214,000 in higher operations costs result from higher electricity and personnel costs than projected by the consultant.

Lower rate revenue of \$798,000 reflects recent relatively flat growth in the volume of water sold to the City's customers, in contrast to the growth anticipated by the consultant. The slowdown in the commercial area has contributed to this drop in anticipated revenue. The rate revenue has been offset by \$512,000 more than projected by the consultant for other types of revenue, such as front footage/offsite charges, meter installations, fire hydrant charges, utility account set-ups, late fees, and service calls.

On September 24, the City Council also indicated that they wanted to discuss strategies for decreasing water usage and encouraging conservation, including educating the public about these issues. On November 19, 2004, the City Council considered a staff "Water Conservation Summary" prepared by Public Works and directed staff to take steps to make the City's "Water Conservation Landscape Guide", adopted in 1990, mandatory for all new development. In addition, the City Council directed staff to return with a proposal for a tiered rate structure for irrigation accounts and to differentiate between types of irrigation users in this structure. In response, staff classified all water irrigation accounts into governmental users and commercial, industrial, and homeowner association users. For commercial, industrial, and homeowner association irrigation users, staff now proposes that rates be increased by 50% for all usage over certain thresholds. The threshold for each meter size was calculated by equating it to 400% of the median August 2003 usage for each size of landscape meter as follows: 148 hundred cubic feet (HCF) for a 1 inch meter, 524 HCF for a 1 & ½ inch meter, and 812 HCF for a 2 inch meter. Staff scheduled a meeting on Friday, January 16 with the 37 affected customers who use large amounts of irrigation water. Staff will update the City Council at the January 21 public hearing regarding feedback from these customers.

#### RESOLUTION NO.

## A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL REVISING MONTHLY WATER SYSTEM FEES

- **WHEREAS**, Chapter 13.16.030 of the Municipal Code of the City of Morgan Hill ("Municipal Code") establishes Water Commodity and Service Rates; and;
- **WHEREAS**, Section 13.04.090 of the Municipal Code provides for revision of established Water Commodity and Service Rates; and;
- **WHEREAS**, the City Council of the City of Morgan Hill ("City Council") has received and duly considered the report entitled "Water and Sewer Fund Revenue Requirements Study," dated October 17, 2002, authored by Hilton Farnkopf & Hobson, LLC ("Hilton"), along with City staff analysis; and;
- WHEREAS, as the Hilton report and staff analysis demonstrate, the Water Commodity and Service Rates established by this resolution do not exceed the reasonable cost of providing water system services within the City of Morgan Hill ("City"); and;
- **WHEREAS**, the fees established by the Hilton report and staff analysis rationally relate to the reasonable cost of providing water system services within the City and proportionally distribute the these costs to different classes of users; and;
- **WHEREAS**, the City's ability to deliver water to all residential, commercial, and industrial customers and to provide sufficient fire flow reserves during recent summer periods has been challenged due to the much publicized perchlorate contamination issues and the capacity of the City's wells, pipes, and reservoirs, as evidenced by staff reports on March 5, 2003, March 19, 2003, May 21, 2003, and July 16, 2003; and
- **WHEREAS**, the community's water and energy resources are limited and water conservation extends the community's consumption of water and energy; and
- WHEREAS, a tiered rate structure for water irrigation accounts would encourage water conservation to help ensure an adequate and safe water supply in the future and conserve the water supply for the greatest public benefit by focusing public attention on the water shortage and the need to reduce water usage; and
- WHEREAS, governmental agency irrigation water users provide services to a broad spectrum of the public and thereby differentiate themselves from commercial, industrial, and other non-governmental enterprises; and

WHEREAS, Water Code section 375 specifically authorizes public utilities to adopt water conservation programs for its customers and specifically permits the enactment of ordinances to encourage water conservation through rate structure design; and

WHEREAS, a public hearing on adoption of this resolution and the fees outlined in Exhibit A attached hereto was noticed pursuant to and in compliance with Government Code section 6062(a), and set as part of a regular City Council meeting held on January 21, 2004, in the Council Chambers located at City Hall, 17555 Peak Avenue; and;

**WHEREAS**, the Hilton report, as well as all material supplementary thereto, and all background data referenced in the report, along with staff analysis, was available for public inspection and review at the City Clerk's Office and Finance Department of the City of Morgan Hill; and;

**WHEREAS**, the City Council has received and duly considered all written and verbal comments provided to it by staff and the public, which comments are hereby incorporated into the record on this matter; and;

**WHEREAS**, the City Council deems it necessary that Water Commodity and Service Rates be adjusted to ensure that users pay for water system costs in order to promote the public health, safety, and welfare.

**NOW, THEREFORE**, the City Council, based upon all documents, statements and facts known to the City, does hereby resolve:

**SECTION 1**. Findings: The City Council hereby finds as follows:

- A. All provisions set forth above are true and correct, and are hereby incorporated herein as findings of this City Council by reference.
- B. The purposes of the fees set forth herein are to finance water system costs and to encourage water conservation.
- C. There is a need for water system services to protect the public's health, safety and welfare.
- D. The facts and evidence presented to the City Council establish that the cost estimates set forth are reasonable cost estimates, and the fees expected to be generated will not exceed those costs.

**SECTION 2**. <u>Adoption of Fees</u>. Therefore, Water Commodity and Service Rates for the City of Morgan Hill are established as stated in Exhibit A, which is attached hereto and incorporated by reference.

**SECTION 3**. <u>Implementation Dates</u>. The City Council hereby orders that all adjustments to Water Commodity and Service Rates be effective for each monthly billing cycle beginning on or after April 1, 2004, January 1, 2005, January 1, 2006, and January 1, 2007, as described in Exhibit A, subject to the guidelines established below.

The Finance Director shall report to the City Council by each September 30<sup>th</sup> prior to January 1 of 2005, 2006, and 2007, regarding the need for previously adopted upcoming rate adjustments and rate surcharges approved by the City Council on February 5, 2003, and January 21, 2004, to be effective on the following January 1. The adjustments or surcharges, effective on each January 1 implementation date, shall not be implemented if the City Council, based upon the Finance Director's report, eliminates the January 1 adjustments or surcharges. The Finance Director's annual report shall analyze whether the January 1 adjustments are necessary to provide for anticipated costs through June 30 of the fourth year following the report, and to maintain reserves equal to the following:

- a. Operating Reserve amounting to \$1.8 million
- b. Capital Reserve amounting to \$1.2 million
- c. Rate Stabilization Reserve \$1.3 million

In addition, the Finance Directors report shall also analyze whether the amount of surcharges collected from rate payers is sufficient to finance all anticipated perchlorate related costs through June 30 of the fourth year following the report.

All perchlorate surcharge revenues shall be segregated by City staff, spent only on perchlorate related costs. Any amount determined by the City Council to be in excess of the amount needed to finance all anticipated perchlorate related costs, based upon the Finance Director's annual report, shall be refunded to customers through future across-the-board percentage rate reductions to be approved by the City Council.

**SECTION 4.** Challenges to Resolution. Any judicial action or proceeding to attack, review, set aside or annul this resolution or any provision thereof shall be brought within one hundred and twenty (120) days of the adoption by the City Council.

**SECTION 5**. Exemption from CEQA. Pursuant to Title 14, California Code of regulations, Sections 15061 and 15273(4), the City Council finds that this resolution is exempt from the California Environmental Quality Act.

**SECTION 6**. Severability. If any portion of this Resolution is declared invalid by a court of competent jurisdiction then it is the intent of the City Council that all other provisions of the Resolution shall be severed and remain in full force and effect.

City of Morgan Hill Resolution No. Page 4

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 21<sup>st</sup> of January, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

#### **\*** CERTIFICATION **\***

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on January 21, 2004.

#### WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

### WATER COMMODITY AND SERVICE RATES

	CURRENT C RATES Inside City	CURRENT RATES Outside City	APRIL 2004 Inside City*	APRIL 2004 Outside City*	JANUARY 2005 Inside City**	JANUARY 2005 Outside City**	JANUARY 2006 Inside City***	JANUARY . 2006 Outside City***	JANUARY 2007 Inside City****
MONTHLY SERVICE CHARGES*:	_	-	-	-	-	-	-	-	-
Meter Size*:									
5/8"	5.10	7.91	same	same	5.20	8.07	5.31	8.23	5.41
3/4"	5.10	7.91	same	same	5.20	8.07	5.31	8.23	5.41
1"	5.10	7.91	same	same	5.20	8.07	5.31	8.23	5.41
1 & 1/2"	8.48	13.16	same	same	8.65	13.42	8.82	13.69	9.00
2"	13.63	21.12	same	same	13.90	21.54	14.18	21.97	14.46
3"	27.21	42.19	same	same	27.75	43.03	28.31	43.89	28.88
4"	44.06	68.30	same	same	44.94	69.67	45.84	71.06	46.76
6"	67.68	105.08	same	same	69.03	107.18	70.41	109.33	71.82
8"	101.70	157.62	same	same	103.73	160.77	105.81	163.99	107.92
10"	135.62	210.21	same	same	138.33	214.41	141.10	218.70	143.92
Low income									
discounts*:	(3.07)	(3.07)	same	same	(3.13)	(3.13)	(3.19)	(3.19)	(3.26)

<sup>\*</sup> Fees will be surcharged by 5% of above amounts, effective April 1, 2004, on top of above amounts, to finance perchlorate related co

<sup>\*\*</sup> Fees will be surcharged by an additional 5% of above amounts, effective January 1,2005, on top of above amounts and on top of previous 5% surcharge, to finance perchlorate related costs

<sup>\*\*\*</sup> Fees will be surcharged by an additional 5% of above amounts, effective January 1,2006, on top of above amounts and on top of previous 5% surcharges, to finance perchlorate related costs

<sup>\*\*\*\*</sup> Fees will be surcharged by an additional 5% of above amounts, effective January 1,2007, on top of above amounts and on top of previous 5% surcharges, to finance perchlorate related costs

Governmental\*

1 & 1/2" meter

1" meter

2" meter

over 812 HCF

2.57

1.71

1.71

1.71

2.52

1.68

1.68

1.68

	CURRENT	CURRENT	APRIL	APRIL	JANUARY	<b>JANUARY</b>	<b>JANUARY</b>	JANUARY .	JANUARY
	RATES	RATES	2004	2004	2005	2005	2006	2006	2007
	Inside	Outside	Inside	Outside	Inside	Outside	Inside	Outside	Inside
COMMODITY RATE*:	City	City	City*	City*	City**	City**	City***	City***	City****
RESIDENTIAL*									
Single Family Tier Rates*									
(Per Dwelling Unit per 100 cubic feet)									
1-10 HCF	0.99	1.53	same	same	1.01	1.56	1.03	1.59	1.05
11-30 HCF	1.98	3.07	same	same	2.02	3.13	2.06	3.19	2.10
30+ HCF	2.97	4.60	same	same	3.03	4.69	3.09	4.79	3.15
Multi-Family Tier Rates*									
(Per Dwelling Unit per 100 cubic feet)									
1-8 HCF	0.99	1.53	same	same	1.01	1.56	1.03	1.59	1.05
9-16 HCF	1.98	3.07	same	same	2.02	3.13	2.06	3.19	2.10
17+ HCF	2.97	4.60	same	same	3.03	4.69	3.09	4.79	3.15
NON-RESIDENTIAL*									
all uses other than irrigation*									
(Per Dwelling Unit per 100 cubic feet)	1.61	2.50	same	same	1.64	2.55	1.68	2.60	1.71
Irrigation Tier Rates*									
Commercial/Industrial/Homeowners A	ssociation*								
1" meter - 1st 148 HCF	1.61		1.61		1.64		1.68		1.71
over 148 HCF	1.61		2.42		2.47		2.52		2.57
1&1/2"meter-1st 524 HCF	1.61		1.61		1.64		1.68		1.71
over 524 HCF	1.61		2.42		2.47		2.52		2.57
2" meter - 1st 812 HCF	1.61		1.61		1.64		1.68		1.71

2.47

1.64

1.64

1.64

HCF: Each unit of water equals one hundred cubic feet

1.61

1.61

1.61

1.61

2.42

1.61

1.61

1.61

#### (P. 1 of 2)

JANUARY 2007 Outside City\*\*\*\*

> 8.39 8.39 8.39

13.97

22.41

44.77

72.48 111.51

167.27

223.08

(3.26)

osts

#### (P. 2 of 2)

JANUARY 2007 Outside City\*\*\*\*

1.62

3.26

4.88

1.62

3.26

4.88

2.65



## CITY COUNCIL STAFF REPORT

MEETING DATE: January 21, 2004

## DEVELOPMENT AGREEMENT AMENDMENT DAA-02-07: SHAFER – BAMDAD

#### **RECOMMENDED ACTION(S):**

- 1. Open/close Public Hearing
- 2. Waive the First and Second Reading of Ordinance
- 3. Introduce Ordinance

**EXECUTIVE SUMMARY:** The applicant is requesting an amendment to the development agreement for a 15-unit single-family project to allow for a one-year Exception to Loss of Building Allocation (ELBA) for all 15 units, and to modify Paragraph 14 to allow for an alternate Measure P commitment.

Agenda Item # 23
Prepared By:
Associate Planner Approved By:
Community Development Director
Submitted By:
City Manager

This item was originally agendized for the December 17, 2003 Council meeting. However, due to a serious health emergency, the applicant requested to continue the item to January 21. A copy of the December 17 staff report is attached for the Council's reference.

**FISCAL IMPACT:** None. Filing fees were paid to the City to cover the cost of processing this application.



#### CITY COUNCIL STAFF REPORT

**MEETING DATE:** December 17, 2003

DEVELOPMENT AGREEMENT AMENDMENT DAA-02-07: SHAFER - BAMDAD

#### **RECOMMENDED ACTION(S):**

- 1. Open/close Public Hearing
- 2. Waive the First and Second Reading of Ordinance
- 3 Introduce Ordinance

**EXECUTIVE SUMMARY:** The applicant is requesting an amendment to the development agreement for a 15-unit single-family project to allow for a one-year Exception to Loss of Building Allocation (ELBA) for all 15 units, and to modify Paragraph 14 to allow for an alternate Measure P commitment.

Agenda Item #
Prepared By:
Associate Planner
Approved By:
Community
Development Director
Submitted By:
City Manager

The project, referred to as Tuscany Meadows, is located west of Hill Rd, at the terminus of Shafer Ave. The Tuscany Meadows project received seven allotments for FY 2003-04 and eight allotments for FY 2004-05. In accordance with the adopted development agreement, the applicant was required to submit plans to the Building Division for plan check by Sept. 30, 2003. Construction of the seven, Phase I units is required to commence by June 30, 2004, and construction of the eight, Phase II units is required to commence the following year. The applicant is requesting approval to extend these deadlines by one year due to permit processing delays (a copy of the applicant's Letter of Request is attached for the Council's reference).

As part of the Measure P application, the applicant committed to providing off-site improvements along the east side of Hill Rd, south of the project site. Plans for the Hill Rd improvements have been stalled due to the presence of a drainage ditch that requires permits from the Dept. of Fish and Game, Santa Clara Valley Water District and the Water Quality Control Board. The applicant is requesting a one-year extension of time to address these issues. Construction of the eight, Phase II units is not required to commence until June 30, 2005. However, the applicant has included these units in his extension request so that construction of both phases does not overlap and create financial hardship for the applicant. The applicant is also requesting to amend Paragraph 14 of the development agreement to allow the applicant to provide an alternate Measure P commitment, in lieu of the off-site improvements along Hill Rd.

Under Section 18.78.125.G of the Municipal Code, the City may grant an extension of time, or Exception to Loss of Building Allotment (ELBA) if it finds that "the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140, or extended delays in environmental reviews, permit delays not the result of developer inaction, or allocation appeals processing."

The Commission reviewed the applicant's request for a one-year extension of time at a special December 2 meeting. By a vote of 5-0 (with two members absent), the Commission recommended approval of a nine-month extension of time for the seven, Phase I units, and a four-month extension of time for the eight, Phase II units. The nine months represents the time period for which project delays were not the result of developer inaction, plus four months to allow the developer to stagger construction of the Phase I and Phase II units. A copy of the Commission staff report and minutes are attached for the Council's reference, as well as an Ordinance to approve the extension of time.

**FISCAL IMPACT:** None. Filing fees were paid to the City to cover the cost of processing this application.

#### ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING  $\mathbf{A}\mathbf{N}$ **AMENDMENT** ORDINANCE NO. 1599, N.S., AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION MP-01-07: SHAFER BAMDAD TO INCORPORATE A NINE-MONTH EXTENSION OF TIME FOR THE SEVEN, PHASE I UNITS AND A FOUR-MONTH EXTENSION OF TIME FOR THE SIX, PHASE II UNITS OF THE **15-UNIT** DEVELOPMENT. (APN 728-10-005)/(DAA-02-07: SHAFER – BAMDAD)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 02-36, adopted May 14, 2002, has awarded allotments to a certain project herein after described as follows:

Project Total Dwelling Units
MP-01-07: Shafer - Bamdad 7 units for FY 2003-04
8 units for FY 2004-05

**SECTION 4.** References are hereby made to a certain Agreement on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. \_\_\_\_\_, New Series Page 2

**SECTION 8.** Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

**SECTION 9.** EXCEPTION TO LOSS OF BUILDING ALLOCATION. The project applicant has in a timely manner, submitted necessary planning applications to pursue development. The delay experienced by this project was due to excess time in processing of the improvement plans. The delays are not a result of the developer's inaction and therefore, the Council hereby grants a nine-month Exception to Loss of Building Allocation for the seven, Phase I units, extending the deadline to commence construction from June 30, 2004 to April 30, 2005, and a four-month extension of time for the eight, Phase II units from June 30, 2005 to October 31, 2005.

**SECTION 10.** AMENDMENT TO PARAGRAPH 14. The Council hereby approves an amendment to Paragraph 14(n)(iv) of the development agreement, as follows:

"Provide dedication and full street improvements across the Hill Road frontage of the Hufton property located at 17110 Rosetta Drive, including street widening, curb and gutter, or provide alternate Measure P commitment subject to the review and approval of the Public Works Department. Alternate Measure P commitment(s) shall be of a Measure P point value and monetary value equal to or greater than the Hill Road frontage improvements described above."

**SECTION 11.** Exhibit B of the development agreement is amended to read as follows:

#### **EXHIBIT "B"**

### DEVELOPMENT SCHEDULE MP-01-07: SHAFER - BAMDAD FY 2003-2004 (7 UNITS), FY 2004-2005 (8 UNITS)

I. SUBDIVISION AND ZONING APPLICATIONS

Applications Filed: August 26, 2002

II. SITE REVIEW APPLICATION

Application Filed: December 15, 2002

III. FINAL MAP SUBMITTAL

Map, Improvements Agreement and Bonds: March 15, 2003

IV. BUILDING PERMIT SUBMITTAL

Submit plans to Building Division for plan check: September 30, 2003 June 30, 2004

V. BUILDING PERMITS

Obtain Building Permits:

FY 2003-04 (7 units)

FY 2004-05 (8 units)

March 31, 2004 December 31, 2004

March 31, 2005 June 30, 2005

Commence Construction:

FY 2003-04 (7 units)
FY 2004-05 (8 units)

June 30, 2004 April 30, 2005

June 30, 2005 October 31, 2005

City of Morgan				
Ordinance No Page 3	, New Series			
Failure to obtain building permits and commence construction by the date listed in Section V. above, shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit under Sections III. and IV., respectively, two (2) or more months beyond the filing dates listed above, shall result in applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above, Sections III. and IV., respectively, may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.				
An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.				
improvements happlication for r	the project has been completed (physical commencement on at least seven (7) dwelling units and lot have been installed according to the plans and specifications), the property owner may submit an reallocation of allotments. Distribution of new building allocations for partially completed project to the policies and procedures in place at the time the reallocation is requested.			
The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 21 <sup>st</sup> Day of January 2004, and was finally adopted at a regular meeting of said Council on the 4 <sup>th</sup> Day of February 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:				
AYES: NOES:	COUNCIL MEMBERS: COUNCIL MEMBERS:			
ABSTAIN: ABSENT:	COUNCIL MEMBERS: COUNCIL MEMBERS:			
ATTEST:	APPROVED:			
Irma Torrez	, City Clerk Dennis Kennedy, Mayor			
80 CERTIFICATE OF THE CITY CLERK 03				
I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No., New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 4 <sup>th</sup> Day of February, 2004.				

### WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



### CITY COUNCIL STAFF REPORT **MEETING DATE:** January 21, 2004

#### ZA-03-16: CITY OF MORGAN HILL – ZONING TEXT AMENDMENT/SIGN CODE

#### **RECOMMENDED ACTION(S):**

1. Open/close Public Hearing

industrial zone signs) of the sign code.

- 2. Waive the First and Second Reading of Ordinance
- 3. Introduce Ordinance

**EXECUTIVE SUMMARY:** Cinelux Theaters is remodeling the former Cinema Six movie theaters in Tennant Station. The remodel includes a new entrance and proposed changeable-copy signs for the theater. However, Section

18.76.130 of the sign code prohibits changeable-copy signs. The City is proposing amendments to the sign code to allow changeable-copy signs for movie theaters signs.

The proposed text amendments being proposed for Subsection 18.76.130A8 of the sign code will allow changeable-copy signs for movie theaters as an exception under the prohibited sign section. Staff also proposes text amendments to Subsection 18.76.250C and Subsection 18.76.250F of the sign code requiring the sign area of changeable-copy signs for movie theaters to be calculated as part of total sign area for the business and limit the letter height for such signs to twelve inches. Changeable-copy signs for movie theaters will still need to meet other requirements listed in 18.76.250 (Commercial and

The Planning Commission considered the text amendment at their December 9 meeting and unanimously voted to recommend approval of the text amendment. A copy of the December 9 staff report and minutes are attached for the Council's reference.

FISCAL IMPACT: No budget adjustment required.

Agenda Item # 24
Prepared By:
Associate Planner
Approved By:
CDD Director
Submitted By:
City Manager

#### ORDINANCE NO., NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING TEXT AMENDMENTS TO SUBSECTIONS 18.76.130A8, 18.76.250C AND 18.76.250F OF CHAPTER 18.76 (SIGN CODE) OF TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL ALLOWING CHANGEABLE COPY SIGNS FOR MOVIE THEATERS. (ZA-03-16: CITY OF MORGAN HILL-TEXT AMENDMENT/SIGN CODE)

### THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- **SECTION 3. INCORPORATING ZONING TEXT CHANGES BY REFERENCE**. There hereby is attached hereto and made a part of this ordinance, a text amendment to the Planning and Land Use Code, Title 18 of the Morgan Hill Municipal Code, entitled "Sign Code Amendment Allowing Changeable-Copy Signs for Movie Theaters," as contained in the attached Exhibit "A."
- **SECTION 4.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- **SECTION 5.** Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 21<sup>st</sup> Day of January 2004, and was finally adopted at a regular meeting of said Council on the 4<sup>th</sup> Day of February 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

	. City Clerk	Dennis Kennedy, Mayor	_
ATTEST:		APPROVED:	
ABSENT:	<b>COUNCIL MEMBERS:</b>		
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>		
NOES:	<b>COUNCIL MEMBERS:</b>		
<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>		

#### **EXECUTE OF THE CITY CLERK CS**

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No., New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 4<sup>th</sup> Day of February, 2004.

#### WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

City of Morgan Hill Ordinance No. , New Series Page 3

# EXHIBIT "A" (Ordinance Changes) SIGN CODE AMENDMENT ALLOWING CHANGEABLE-COPY SIGNS FOR MOVIE THEATERS

#### Section 18.76.130 Prohibited signs.

- A. In addition to any sign not specifically in accordance with this chapter, the following signs are prohibited:
  - 8. Rotating, revolving, flashing, animated, moving, glaring, changing, reflecting or blinking signs, or signs which appear to do any of the foregoing, whether such signs are located on the exterior of the premises or on the interior for viewing from the exterior, except that a changeable copy message board for automotive-related business adjacent to the South Valley Freeway and which meets the requirements of Section 18.76.075, is not a prohibited flashing sign; and changeable-copy signs for movie theaters, which meet the requirements of Section 18.76.250 is not a prohibited sign.

#### Section 18.76.250 Commercial and industrial zone signs.

The following signs are permitted in the C-N neighborhood commercial, C-G general commercial, C-O administrative office, CS service commercial, HC highway commercial, TUD theme unit development, PUD planned unit development, M-L light industrial, M-G general industrial, M-C campus industrial, MO office industrial, and P-F public facilities zones, subject to community development director approval:

- A. Construction Signs. Same as subsection A of Section 18.76.240.
- B. Real Estate Signs. Same as subsection B of Section 18.76.240.
- C. Advertising Signs. On-site advertising signs and structures painted upon or affixed to any building, except in shopping centers, subject to the following conditions:
- 1. The sign area shall not exceed one and one-half square feet of sign area for each lineal foot of building frontage for building attached signs. Where more than one business is located in a building or upon a single parcel of record, the frontage of each separate business building facing the right-of-way shall be considered as building frontage.
- 2. Where business storefronts face onto a private drive or parking lot aisle, each business may be permitted up to a maximum of one and one-half square feet of sign area per each lineal foot of building frontage. Such signs shall be a part of a uniform sign program.
- 3. Changeable-copy signs for movie theaters shall be permitted only to the extent that such signs shall conform with and are included in the total allowable sign area for the business. The maximum letter height for the changeable-copy signs for movie theaters shall not exceed twelve inches.

City of Morgan Hill Ordinance No. , New Series Page 4

- F. Shopping Center Advertising Signs. On-site advertising signs in shopping centers, painted upon or affixed to any building, subject to the following conditions:
- 1. Sign Area. Sign area shall not exceed one and one half square feet of sign area per each lineal foot of building frontage.
- a. Where more than one business is located in a building or upon a single parcel of record, the frontage of each separate business facing the right-of-way shall be considered as a building frontage.
- b. The maximum letter height for building attached signs shall not exceed twenty four inches. Where a shopping center contains major tenants, each of which occupy a gross square footage of fourteen thousand square feet or more, the maximum letter height may be increased to forty eight inches.
- c. Changeable-copy signs for movie theaters shall be permitted only to the extent that such signs shall conform with and are included in the total allowable sign area for the business. The maximum letter height for the changeable-copy signs for movie theaters shall not exceed twelve inches.



### CITY COUNCIL STAFF REPORT

**MEETING DATE:** (January 21, 2004)

## ZA-03-21: CITY OF MORGAN HILL- ZONING TEXT AMENDMENT/ INTERIM USE PERMITS

#### **RECOMMENDED ACTION(S):**

- 1. Open/close Public Hearing
- 2. Waive the First and Second Reading of Ordinance
- 3. Introduce Ordinance

**EXECUTIVE SUMMARY:** The Council directed the Chair of the Planning Commission to appoint two members of the Commission to a subcommittee to review the possibility of amending the code to allow the waiver or deferment of required on-site and off-site improvements for interim uses of three to five years.

Agenda Item # 25
Prepared By:
Associate Planner
Approved By:
Community
Development Director Submitted By:
City Manager

Council reviewed the status of the Subcommittee work at their December 3, 2003 meeting. The Council agreed with the Subcommittee's recommendations and requested the Subcommittee to review the following: Require an exit plan that is clear and propose when an exit plan should be submitted. Second, define a public benefit to justify the deferral of improvements and decide if the benefit should be broadly or narrowly defined.

Based on direction from the Council, the Subcommittee met on December 19, 2003 to develop final recommendations. Staff prepared a comprehensive ordinance to address interim uses and deferral of on-site improvements for interim uses. In general, the ordinance as attached, includes the following provisions:

- 1. Defines the purpose of the interim use permit to allow non-profit agencies which provide a public benefit and which lease space within the CC-R district to defer certain on-site improvements.
- 2. Limits the duration of an interim use to three years. No extensions will be permitted.
- 3. Allows only on-site improvements to be deferred.
- 4. Requires applications to be reviewed by the Planning Commission and approved by the City Council.
- 5. Requires an exit plan as part of the application. The City Council will determine the adequacy of the exit plan.
- 6. Requires annual reports that substantiate compliance with the conditions of the permit.

The Planning Commission considered the text amendment at their January 13 meeting and voted 6-0 to recommend its approval. For the Council's reference, a copy of the January 13 Commission staff report is attached.

FISCAL IMPACT: No budget adjustment required.

#### ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADDING SECTION 18.54.200(Interim Use Permits) TO CHAPTER 18.54 (Condition and Temporary Use Permits) OF TITLE 18 (ZONING) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING PERMITS FOR INTERIM USES

WHEREAS, non-profits provide a variety of needed support services to the Morgan Hill community, meeting social and economic needs which cannot be met by public agencies, particularly in these fiscally-constrained times; and,

WHEREAS, non-profits need administrative and operational space to carry out their mission; and,

WHEREAS, due to their reliance on contributions and fund-raising efforts, non-profits often have limited construction and operational budgets for their space needs; and,

WHEREAS, non-profits often move as necessary to find the lowest-cost space to accommodate their needs, often becoming temporary tenants for very limited time periods; and,

WHEREAS, the City Council of the City of Morgan Hill wishes to encourage the location of such non-profits in the downtown business district so that non-profits are integrated into the distinct professional, mercantile, and social fabric of the district, and provide social services to those individuals who may use downtown transit and other services; and,

WHEREAS, the City Council of the City of Morgan Hill believes that encouragement of non-profits to locate in the downtown business district includes recognition of the oft-times temporary nature of their space requirements, and their inability to make significant investment in on-site improvements; and,

WHEREAS, upon submission of sufficient information regarding the temporary nature of the location of the non-profit the City Council is willing to consider deferral of on-site improvements which do not create serious and immediate health and safety issues.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AND ENACT AS FOLLOWS:

Section 1. <u>Definitions</u>. Chapter 18.04 of Title 18 (Zoning) is herby amended to include the following items:

#### **18.04.232 Interim Basis**

"Interim basis" means a temporary basis not to exceed three (3) years, and which is never intended, at any time during occupancy, to be a permanent occupancy.

#### **18.04.321** Non-Profit Organization

"Non-profit organization" means an organization formed for a charitable or social welfare purpose, and which possesses non-profit status pursuant to Internal Revenue Code section 501(c)(3).

#### **18.04.337** Off-site Improvements

"Off-site improvements" means those improvements required to be installed as a result of development, either in the form of new construction, tenant improvements, or remodeling, outside the boundaries of the parcel.

#### **18.04.338** On-site Improvements

"On-site improvements" means those improvements required to be installed as a result of development, either in the form of new construction, tenant improvements, or remodeling, within the boundaries of the parcel. Examples of such improvements include the requirements of Chapters 18.24, 18.50, and 18.74 of the Municipal Code.

<u>Section 2.</u> Article III (Interim Use Permits) is hereby added to Chapter 18.54 (Conditional and Temporary Use Permits) of Title 18 (Zoning) is hereby amended to read as follows:

#### **Article III.** Interim Use Permits

18.54.200	Purpose of permits.
18.54.210	Application—Contents.
18.54.220	<b>Application Process.</b>
18.54.230	Annual Review; Expiration.

**18.54.200 Purpose of permits.** The purpose of Interim Use Permits is to allow non-profit entities which demonstrate the existence of a public benefit, and which lease space within the Central Commercial-Residential (CC-R) District on an

interim basis, to defer certain and on-site improvements. Development impact fees shall not be deferred or waived under this article. Only non-profit entities that engage in uses which are permitted or conditionally permitted in the Central-Commercial-Residential (CC-R) district may apply for an interim as defined by this article.

#### 18.54.210 Application—Contents.

An application for an interim use permit shall be made by the non-profit agency or agent thereof, on a form issued by the Community Development Department. An application shall be accompanied by the following information:

- A. Vicinity map;
- B. Site plan;
- C. Floor plan;
- D. Building elevations;
- E. Signing and landscape plan;
- F. A detailed list of on-site improvements required to be installed, the expected cost of each improvement, identification of which improvements are requested to be deferred, and the impact on health and safety from deferral of such improvements;
  - G. Statement of proposed operations, including but not limited to:
  - 1. A general overview of services to be provided and staffing;
  - 2. The expected time for provision of such services, and whether such services will be temporary in nature;
  - 3. Expected vehicle and pedestrian traffic generated by the operation; and,
    - 4. The expected use of hazardous materials.
  - H. A copy of the lease and all attached documents;
  - I. A plan for exiting the site, including but not limited to:
    - 1. A time line for purchase and/or lease of another site;
  - 2. The availability of economic resources sufficient to move to such alternate site, including but not limited to where such resources shall be received from and whether such resources are dependant on future fund-raising efforts;
  - 3. Plans for moving operations to such alternate site, including personnel responsible for administering such operations.
  - J. Other materials as required by the Community Development

Department.

use;

## **18.54.220** Application Process.

- A. After an application is deemed complete by the Community Development Department, such application shall be routed to affected City departments for comments.
- B. Following receipt of such comments, if any, the application, with recommendation from the Community Development Department, shall be scheduled for Planning Commission hearing and action. Notice of such hearing shall be given to properties located within three hundred feet (300') of the proposed site.
- C. The Planning Commission shall evaluate the application for consistency with the following criteria, and shall then forward the application, with its evaluation, to the City Council for hearing and action. Notice of such hearing shall be given to properties located within three hundred feet (300') of the proposed site.
  - 1. The suitability of the site and building for the proposed
- 2. The impact of the use on the surrounding properties, and on the CC-R District in general.
- 3. The impact of the use on traffic circulation and planned capacity of the street system.
- 4. The compatibility of the use and design with adjacent uses within the district and its surroundings;
- 5. Whether the use will adversely affect the peace, health, safety, morals or welfare of persons residing or working in the vicinity of the use;
- 6. Whether the use will impair the utility or value of property of other persons located in the vicinity of the site;
- 7. The applicability and conformity of the use with provisions of Chapter 8.40, hazardous materials, as existing or hereafter amended;
  - 8. The viability of the exit plan;
- 9. Whether deferral of any improvements presents a serious threat to the public health, safety and welfare, except that on-site standards shall meet minimum public safety requirements; and to what extent; and,
- 10. Whether the use will provide a public benefit to the City and its citizens.
- D. The City Council will evaluate the application and determine whether a public benefit exists. The City Council may approve, approve with conditions, or deny the application. The Council may require a performance bond to ensure the restoration and clean up of the site.

#### 18.54.230 Annual Review; Expiration.

- A. On or before the anniversary date of commencement of use, the Permit Holder shall provide the Community Development Department with a status report as to the items listed in Section 18.54.220. Interim Use Permits shall be reviewed annually by the Community Development Department for compliance with all conditions imposed therein. Should the Department find any conditions of the Permit unsatisfied, the non-profit shall be notified thereof, and shall be given thirty days' notice to correct such use permit violations. Notice of such violations which constitute a threat to the public health and safety shall require immediate correction. Failure to correct the violations within such period of time shall result in action to revoke the Permit subject to a public hearing before the City Council.
- B. Interim Use Permits shall expire whenever the non-profit ceases operations, moves from the site, or three years have elapsed from first occupancy of the site, whichever occurs first. Interim Use Permits are not renewable or extendable.
- <u>Section 2.</u> Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

<u>Section 3.</u> **Effective Date; Posting**. This ordinance shall take effect thirty (30) days after its second reading. This ordinance shall be posted at City Hall.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 21<sup>st</sup> Day of January 2004, and was finally adopted at a regular meeting of said Council on the 4<sup>th</sup> Day of February 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

# **EXECUTE OF THE CITY CLERK CS**

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 4<sup>th</sup> Day of February, 2004.

## WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



# CITY COUNCIL STAFF REPORT

MEETING DATE: (January 21, 2004)

ZA-03-19: CITY OF MORGAN HILL- ZONING TEXT AMENDMENT/ COMMUNITY ACTIVITY SIGNS AND CHANGEABLE COPY SIGNS FOR PUBLIC AGENCIES, SCHOOLS, PLAYHOUSES AND RELIGIOUS INSTITUTIONS

# **RECOMMENDED ACTION(S):**

Open and Continue Public Hearing to February 18, 2004.

#### **EXECUTIVE SUMMARY:**

The City is requesting to amend Title 18 of the Municipal Code, to modify the sign code text. The proposal would amend the definition of Community Activity Signs, create a definition for "Community Group", and amend the criteria for Community Activity Signs. Also, included is a request to allow one manually changeable copy-sign for public agencies, schools, playhouses, and religious institutions.

This item was advertised for public hearing at this meeting. However, the amendments have not been finalized. It is recommended that the Council open the public hearing and continue the application to the February 18, 2004 meeting.

**FISCAL IMPACT:** No budget adjustment required.

 $R:\PLANNING\WP51\Zoning\ Amendment\2003\ZA0319\ZA0319m1c.doc$ 

Agenda Item # 26

Prepared By:

**Associate Planner** 

Approved By:

Community

**Development Director** 

**Submitted By:** 

City Manager



# CITY COUNCIL STAFF REPORT

# MEETING DATE: January 21, 2004

## CAPITAL FUNDS FOR DAYWORKER CENTER

**RECOMMENDED ACTION(S):** Council Discretion

**EXECUTIVE SUMMARY:** Over the past several years, there has been community concern voiced about the dayworkers standing near the intersection of Main and Depot. A group of community volunteers has been working as a committee to establish the South County Dayworker Center for the dayworkers

Agenda Item # 27

Prepared By:

Assistant to the City
Manager

Submitted By:

City Manager

to occupy. The Center will provide shelter for the men, improve pedestrian safety in the area, and improve the appearance of this corner. The Council allocated \$50,000 in CDBG funds from the 2002-2003 fiscal year CDBG grants for the Center.

The Center has obtained the donation of two modular buildings, is close to finalizing the design for the Center, and is ready to begin the physical construction of the facility. Despite every effort to minimize costs for this interim facility, however, the costs, still exceed the funds the Center has available to complete the project. In short form, the budget for the development is:

Move on of Modulars	\$58,695
Utility Fees	20,000
Permitting Fees	30,000
Construction Fence	600
Trenching	8,000
Interim Parking Lot	10,000
Ramp and Rail	7,000
Driveway	1,500
Ceiling	750
Fire Sprinklers	17,575
Total Cost Estimate	\$154,120

The Center currently has approximately \$50,000 in its account as a result of its fundraising activities. Combining this \$50,000 with the initial \$50,000 previously allocated by the Council leaves a gap of \$54,120.

The Center has asked the City to consider making additional CDBG funds available. Staff has previously reported to the Council that the Galvan Park improvement project, funded in the 2003-2004 CDBG allocation, anticipated having unexpended funds this year due to some construction delays. Therefore, one option available to the Council would be to reprogram \$50,000 in 2003-2004 CDBG funds to the Dayworker Center with the intention to allocate \$50,000 in 2004-2005 CDBG funds to the Galvan Park project.

**FISCAL IMPACT:** CDBG funds are provided by the Federal Government to primarily support low income individuals in the community. Additional appropriations of CDBG funds for this project will reduce the amount of funding available for other public facility CDBG projects in future years. The current CIP indicates that the City will commit future CDBG funds for an expansion of the El Toro Youth Center. This project is currently undefined and there has been no actual budget developed for it.



# CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 21, 2004

Agenda Item # 28	_
Prepared and Submitted By:	
City Manager	_

## UPDATE ON MEDICAL SERVICES OBJECTIVES

## **RECOMMENDED ACTION(S):**

Consider a report, with recommendations, from the Morgan Hill Community Health Foundation and DePaul Health Center.

#### **EXECUTIVE SUMMARY:**

At a meeting on November 19, 2003, City Council requested that the Foundation and Health Center develop short, medium and long term objectives for the accomplishment of medical services. The report, with recommendations, is attached.

#### **FISCAL IMPACT:**

None at this time.

#### HEALTHCARE SERVICES OBJECTIVES IN MORGAN HILL

The City of Morgan Hill is committed to supporting policies and plans that bring health services to Morgan Hill. In committing to the particular health services objectives, some initial statements will clarify each party's approach to the objectives:

- ➤ The City of Morgan Hill is interested in bringing affordable medical services to the broadest segment of the community as possible, with minimal financial risk to the city. The city is open to having health services provided in multiple locations around Morgan Hill and is interested in sustaining the health services structure for no less than 20 years.
- The Morgan Hill Community Health Foundation (MHCHF) has been charged with developing and supporting strategies that will promote health services within Morgan Hill.
- ➤ The DePaul Health Center (DPHC) is a private, not-for-profit healthcare campus that is committed to bringing sustainable health services to Morgan Hill. DPHC is at the greatest financial risk for bringing healthcare services to Morgan Hill. Though it would take significant investment to provide inpatient services at DPHC, DPHC is committed to continually exploring the potential for inpatient services.
- ➤ The Daughters of Charity Health System, while also committed to bringing health services to Morgan Hill, must consider the long-term financial security of DPHC, O'Connor Hospital, and St. Louise Regional Hospital.

Given these statements, the Morgan Hill City Council, the Morgan Hill Health Foundation, the DePaul Health Center, and the Daughters of Charity Health System support the following objectives. January 2004 will mark the initiation of this plan.

#### **Short-Term Objectives**

The following objectives will be achieved in the next 6 months. These objectives will create the foundation for health services in Morgan Hill.

#### 1. The Medical Office Building

- DPHC will lease a majority of the medical office building on its campus with a mix of primary and specialty care physicians, both local and recruited.
- MHCHF may contribute funding to the recruitment of new physicians to the community.

#### 2. Diagnostic Services

- DPHC will provide a sufficient amount of laboratory, radiology, and other diagnostic services to support health services in the community.
- The City of Morgan Hill can facilitate this process by expediting any necessary permits.

## 3. Urgent Care

- DPHC will identify providers for urgent care services and renovate the old emergency room for the urgent care service (urgent care is defined as a walk-in clinic that treats common ailments and minor injuries during the early morning, day, and evening hours).
- The MHCHF should consider the possibility of subsidizing urgent care services.
- The City of Morgan Hill can facilitate this process by expediting any necessary permits.

January 21, 2004

#### 4. Planning for Outpatient Services

• DPHC will complete a plan for implementing outpatient and complementary services in the central part of the main hospital facility.

#### 5. Morgan Hill Physician Manpower Plan

- DPHC will develop a plan for successfully bringing new physicians to Morgan Hill. The plan will take into account new physicians to the community in the medical office building and efforts to bring a female obstetrician, a family practitioner, and an additional pediatrician to Morgan Hill.
- The City of Morgan Hill and the MHCHF will provide DPHC with all information pertinent to the successful recruitment of new physicians.

#### **Medium-Term Objectives**

The following objectives will be achieved between one and two years from now. These objectives will further strengthen the foundation of health services in Morgan Hill.

#### 6. Implementation of Outpatient Services

- DPHC will implement the outpatient services identified in Objective 4. This will be done in cooperation with local physicians.
- The City of Morgan Hill can facilitate this process by expediting any necessary permits.

#### 7. Transition of Cancer Center

• DPHC will facilitate the transition of the St. Louise Cancer Center to new ownership and operation. This will involve new physicians and reinvestment in the medical technology.

#### **Long-Term Objectives**

The following objectives will be achieved between five to seven years from now. These objectives will help set the direction for health services in Morgan Hill into the future.

#### 8. Healthcare Services Analysis

- DPHC and MHCHF will conduct a research project on the adequacy of services available for Morgan Hill residents, the trends in patient out-migration, and the potential for expanded services in Morgan Hill.
- The City of Morgan Hill will revise its health services objectives.

#### 9. Master Site Plan Revision

• DPHC will revisit the master site plan for the campus, in light of the growth in current services and demographic changes. This will include an analysis of the cost of relicensing DPHC for inpatient care.

January 21, 2004 2



# CITY COUNCIL STAFF REPORT MEETING DATE: January 21, 2004

# COMMUNITY INDOOR RECREATION CENTER- RESULTS FROM COMMUNITY MEETING

# **RECOMMENDED ACTION(S):**

Receive staff report on a public meeting held January 20, 2004 regarding design of the Indoor Recreation Center.

Agenda Item # 29
Prepared By:
Dep Dir
PW/Operations
1 W/Operations
Approved By:
Public Works Director
Submitted By:

City Manager

**EXECUTIVE SUMMARY:** Conducting a public input process for the project per the direction of Council IRC Subcommittee members Chang and Sellers, staff sent notices (example attached as Exhibit A) to approximately 400 residents who live in the vicinity of the project inviting them to view a display of the floor and site plans, building elevations, and a building model one hour prior to the regularly scheduled Parks and Recreation Commission meeting on January 20, 2004.

The public was invited to view the displays and ask questions of staff and IRC subcommittee members in attendance. A report on the comments received and questions asked will be provided to Council at tonight's meeting. The Parks and Recreation Commission will also accept comments from the public regarding the proposed IRC design at their January 20, 2004 meeting.

The public meeting held on January 20, 2004 is in addition to the public hearing as a part of the CEQA process.

FISCAL IMPACT: None at this time.



# CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 21, 2004

#### COUNCIL LIBRARY SUB-COMMITTEE SITE STATUS REPORT

**RECOMMENDED ACTION(S):** Review four site options as recommended by the Council Library Sub-Committee; provide recommendations for further analysis of all or selected sites.

## **EXECUTIVE SUMMARY:**

Council authorized staff to submit a Library Facility Project Bond Grant Application to the State for round three of the competitive funding cycle. The grant deadline was January 16, 2004. Council also wanted to begin a process to

explore other options in case the city was unsuccessful in it's round three application submittal, which will not be announced until September 2004. Council established a library facility project subcommittee consisting of Mayor Kennedy and Council member Tate. Representatives on the extended sub-committee include: Library Commission Chair Jeanne Gregg, Library Commissioners Charles Cameron, George Nale, alternate Einar Anderson, Community Librarian Nancy Howe, Public Member Carol Holzgrafe and City Staff Ed Tewes, Julie Spier and Jim Dumas.

The Sub-Committee has discussed site alternatives for a library of 30,000 sq. ft which is a smaller size than the current bond grant project but sufficient to meet the needs of the Morgan Hill Community for the next twenty years with room for a 10,000 sq. ft. expansion. Four site alternatives have developed from initial discussions as follows and are presented in Attachment A: 30,000 SF Library Site Options:

Option A & B: Existing Library expansion, renovation and/or demolition

Option C: New location at Civic Site current site of the bond grant Option D: Britton School Site corner of Keystone & Monterey

Option E: Sun-Sweet property 3<sup>rd</sup> & 4<sup>th</sup> street block between Monterey and Depot

Mayor Kennedy and Council member Tate will discuss progress to date and review the four site alternatives with the remaining Council for discussion. Attachment B is a summary of the proposed pros and cons of each site as viewed by the Sub-Committee.

**FISCAL IMPACT:** The Library Facility has \$7.14 million remaining in the Capital Improvement Budget. The Library Facility Bond Grant was submitted for a request of \$21,820,628 with the City/RDA match of 35% to be \$7,637,220.

Agenda Item # 30

Prepared By:

Council member Tate

Submitted By:

City Manager

# Exhibit A

Morgan Hill Library - Site Options - Costs						
	Civic Center Site Option A&B Remodel / Demo Exist. Library	Civic Center Site Option C New Location	Britton School Site	Sun-Sweet 2 Story		
SF Library	30,000 One Story	30,000 One Story	30,000 One Story	30,000 Two Story		
Opportunity for Expansion	Yes	Yes	Yes	Yes		
Parking	100	100	155	95 Shared		
Land Cost	0	1.7 M	To be Determined	To be Determined		
Hard Costs	12.17 M	11.814 M	11.814 M	9.0 M (30K x \$300/SF)		
Soft Costs	2.87 M	2.666 M	2.666 M	1.25 M (FF&E Only)		
Total Cost	15.04 M	16.18 M	14.48 M	10.25 M		
Avail. Funding	7.14 M	7.14 M	7.14 M	7.14 M		
Shortfall	7.9 M	9.04 M	To be Determined	To be Determined		

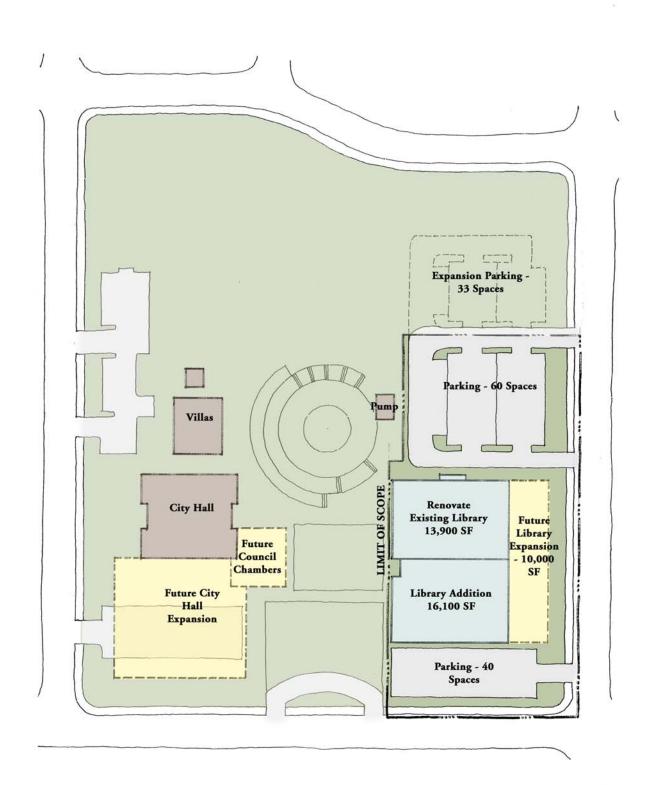
Available Funds

RDA 5.4 M 1.0 M Dev. Fees County 1.0 M

Total 7.4 M

Less Amount Spent for Arch. Serv. < 260,000 >

Amt. Remaining 7.14 M Sun-Sweet proposal is to "lease/purchase" for an extended term. RDA to contribute land to the project. At lease term end, City would acquire Glen/Rock property.



## MORGAN HILL LIBRARY MORGAN HILL, CALIFORNIA

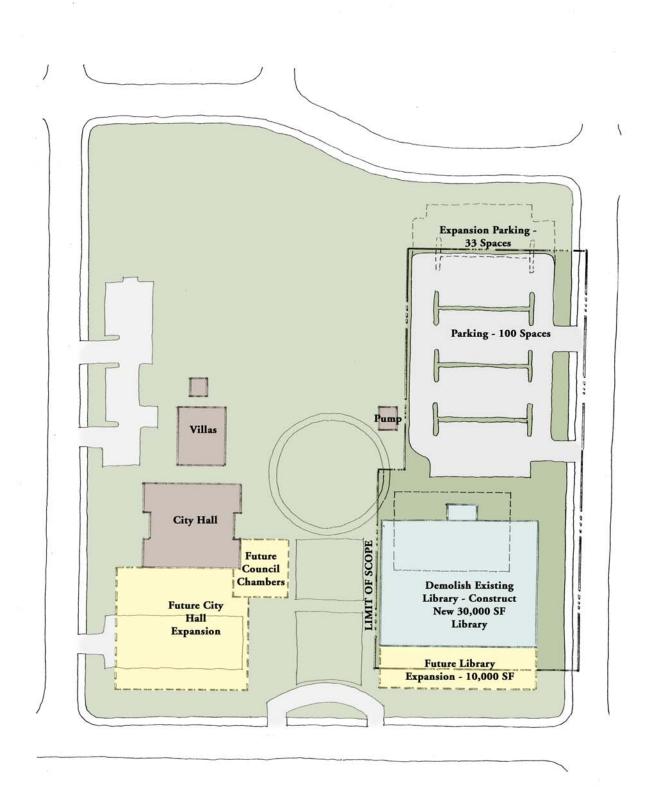
## ESTIMATED PROJECT COSTS

OPTION: A

New Library Completed Before Existing Library Renovated

January 9, 2004 Noll & Tam Architects

			Quantity	Unit	Rate	\$ x 1,000
1.	CC	ONSTRUCTION COSTS				
	a.	Buildings				
		1. New Library - Addition	16,100	SF	275.00	4,428
		2. Existing Library - Renovation	13,900	SF	200.00	2,780
		3. Existing Library - Hazmat Allowance	1	LS	150,000.00	150
	b.	Parking and Sitework				
		1. Site Preparation	1	LS	150,000.00	150
		2. Landscape and Irrigation	14,250	SF	7.00	100
		3. Paving	9,300	SF	8.50	79
		4. Parking - 100 Spaces	41,700	SF	5.75	240
		5. Site Utilities	1	LS	325,000	325
		Subtotal				8,251
	c.	Phasing Costs (complete addition before reno	ovation)		5.00%	413
		Subtotal				8,664
	d.	Escalation to mid - point (2 years)			8.00%	693
		Total Projected Construction Costs				9,357
2.	PR	OFESSIONAL DESIGN FEES				
	a.	Design Fees (Full service Arch. & Eng.)			13%	1,216
	b.	Other Professional Services	1	LS	25,000	25
		Subtotal				1,241
3.	OT	THER PROJECT COSTS				
	a.	Inspections, Testing, Fees			1.5%	140
	b.	Planning and Administration			2.0%	187
	c.	Construction Management			2.5%	234
	d.	Moving Costs	2	LS	12,000	24
	e.	Fixtures, Furnishings and Equipment	30,000	SF	22.00	660
	f.	Technology	30,000	SF	9.00	270
	Sub	ototal				1,515
4.	PR	OJECT CONTINGENCY	18%			2,180
5.	TC	OTAL ESTIMATED PROJECT COSTS				14,294



January, 2004

# MORGAN HILL LIBRARY MORGAN HILL, CALIFORNIA

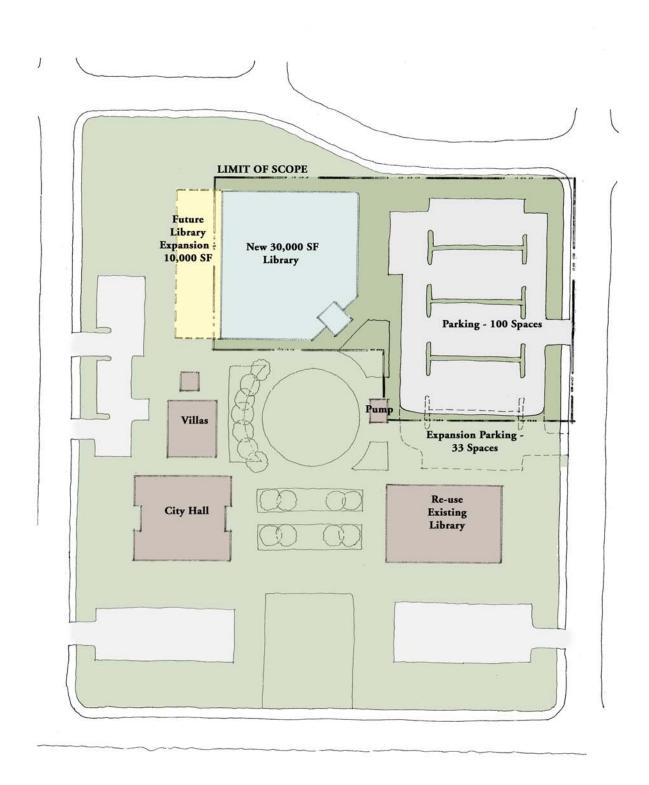
ESTIMATED PROJECT COSTS

OPTION : B

New Library on Site of Existing Library

January 9, 2004 Noll & Tam Architects

			Quantity	Unit	Rate	\$ x 1,000
1.	CO	NSTRUCTION COSTS				
	a.	Buildings				
		1. Demolish Existing Library	13,900	SF	8.00	111
		2. New Library	30,000	SF	275.00	8,250
		3. Existing Library - Hazmat Allowance	1	LS	150,000.00	150
	Ь.	Parking and Sitework				
		1. Site Preparation	1	LS	150,000.00	150
		2. Landscape and Irrigation	18,250	SF	7.00	128
		3. Paving	11,500	SF	8.50	98
		4. Parking - 100 Spaces	41,700	SF	5.75	240
		5. Site Utilities	1	LS	325,000	325
		Subtotal				9,451
	c.	Escalation to mid - point (2 years)			8.00%	756
		Total Projected Construction Costs				10,208
2.	PR	OFESSIONAL DESIGN FEES				
	a.	Design Fees (Full service Arch.& Eng.)			12%	1,225
	b.	Other Professional Services	1	LS	25,000	25
		Subtotal				1,250
3.	OΊ	THER PROJECT COSTS				
	a.	Inspections, Testing, Fees			1.5%	153
	Ь.	Planning and Administration			1.5%	153
	c.	Construction Management			2.0%	204
	d.	Temporary Facility and Moving Costs	1	LS	180,000	180
	e.	Fixtures, Furnishings and Equipment	30,000	SF	22.00	660
	f.	Technology	30,000	SF	9.00	270
	Sub	ototal				1,620
4.	PR	OJECT CONTINGENCY	15%			1,962
5.	ТО	TAL ESTIMATED PROJECT COSTS				15,040



Morgan Hill Library
Civic Center Master Plan
OPTION C

# MORGAN HILL LIBRARY MORGAN HILL, CALIFORNIA

ESTIMATED PROJECT COSTS

OPTION : C

New Library on Vacant Land at Civic Center

January 9, 2004 Noll & Tam Architects

			Quantity	Unit	Rate	\$ x 1,000
1.	CC	NSTRUCTION COSTS				
	a.	Buildings				
		1. New Library	30,000	SF	275.00	8,250
		2. Existing Library	13,900	SF	0.00	0
	b.	Parking and Sitework				
		1. Site Preparation	1	LS	150,000.00	150
		2. Landscape and Irrigation	18,250	SF	7.00	128
		3. Paving	11,500	SF	8.50	98
		4. Parking - 100 Spaces	41,700	SF	5.75	240
		5. Site Utilities	1	LS	325,000	325
		Subtotal				9,190
	c.	Escalation to mid - point (2 years)	8.00%		8.00%	735
		Total Projected Construction Costs				9,925
2.	PR	OFESSIONAL DESIGN FEES				
	a.	Design Fees (Full service Arch.& Eng.)			12%	1,191
	b.	Other Professional Services	1	LS	25,000	25
		Subtotal				1,216
3.	ОТ	THER PROJECT COSTS				
<u>J.</u>	a.	Inspections, Testing, Fees			1.5%	149
	ь.	Planning and Administration			1.5%	149
	c.	Construction Management			2.0%	199
	d.	Moving Costs	1	LS	24,000	24
	e.	Fixtures, Furnishings and Equipment	30,000	SF	22.00	660
	f.	Technology	30,000	SF	9.00	270
	Sub	ototal			· · · · · · · · · · · · · · · · · · ·	1,450
4.	PR	OJECT CONTINGENCY	15%			1,889
5.	TO	TAL ESTIMATED PROJECT COSTS				14,481

# **Library Site Pros/Cons**

# **Current Site Expansion/Rebuild**

- + Familiar location / school concentration area
- + Less heavy traffic (safer)
- + No land cost, already own site
- Library relocation or disturbance during construction
- Not a "mainstream" location
- ? Not as much cost savings as expected

# Civic Center S-W "Prop 14" Site

- + Proximity to familiar location / school concentration area
- + Less heavy traffic (safer)
- + Design far along from Prop 14 efforts
- Most expensive option
- Not a "mainstream" location
- Engineering issues slope, etc.

# **Britton**

- + Gateway to downtown synergy / stimulus
- + Expanded parking
- + High public image / "mainstream"
- + School partnership
- + Community-centric
- Field Act, student supervision, County regulations
- Traffic, especially at school rush hours (less safe)
- ? Availability of site, MHUSD participation

# <u>Sunsweet</u>

- + Heart of downtown synergy / stimulus
- + High public image / "mainstream"
- + Most pedestrian friendly
- + Community-centric
- Two story operational impact
- Expansion possible, but more challenging
- Downtown traffic (less safe)
- ? Shared parking arrangement
- ? Potentially lower cost (many unknowns)



# CITY COUNCIL STAFF REPORT MEETING DATE: January 21, 2004

# APPROVAL OF NEIGHBORHOOD TRAFFIC MANAGEMENT (TRAFFIC CALMING) POLICY

Agenda Item # 31
Prepared By:
Public Works Director
Submitted By:
City Manager

**RECOMMENDED ACTION(S):** Approve attached Neighborhood Traffic Management Policy.

**EXECUTIVE SUMMARY:** In June of 2002, Fehr & Peers, Consulting Traffic Engineers, were hired to preliminarily study four locations in the city for possible traffic calming measures and to propose a Citywide Neighborhood Traffic Management Policy (traffic calming policy) for the City at a cost of \$19,900. Fehr & Peers had substantially completed their work by July, 2003, however their study was delayed because the Highway 101 widening project had just been completed and new traffic volumes reflecting Highway 101 widening were needed. The preliminary study at four locations is a separate agenda item on tonight's agenda.

Attached is a seven page proposed policy for the City to follow in evaluating and taking action regarding traffic calming measures and an 18 page Traffic Management Tool Kit listing the possible traffic calming measures available with a discussion of which measure is effective under what circumstance.

The proposed Neighborhood Traffic Management Policy is very similar to that in a number of cities in the Bay Area and acknowledges that traffic calming features to be effective need broad support from the local neighborhood and should not be implemented without considerable public input and involvement. The Policy also recognizes that given the current economic conditions, unless a substantial contribution is made by the neighboring property owners through assessment district or other funding mechanism or unless grant funds can be obtained, the more expensive traffic calming measures will be very hard to implement.

Fehr & Peers will be present at our Council meeting to highlight the critical elements of the suggested policy and to answer any questions Council may have.

**FISCAL IMPACT:** None at this time, future funding for traffic calming measures is recommended to be funded through the annual CIP budget adoption process.



## REDEVELOPMENT AGENCY MEETING

**DATE:** January 21, 2004

# SELECTION OF EL TORO BREWING AS THE DEVELOPER FOR THE POLICE FACILITY

Agenda Item # 32
Approved By:

BAHS Director

Submitted By:

Executive Director

**RECOMMENDED ACTION(S):** 1) Select El Toro Brewing to enter into a 120 day Exclusive Right to Negotiate (ERN) Agreement with key milestones for performance, 2) Approve the parameters for negotiation during the ERN period, 3) Authorize the Executive Director to negotiate, execute, and implement the ERN including termination of the ERN for failure to meet key milestones, and 4) direct staff to regularly report on the status/process of the ERN.

**EXECUTIVE SUMMARY:** In October 2003, the Redevelopment Agency received two proposals from the three groups invited to participate in a Request for Proposals (RFP) for the police building at 17605 Monterey Road: El Toro Brewing Company for a restaurant/brew pub, and Page Holdings, LLC, for a restaurant/pub. The Council's Economic Development (ED) Subcommittee and city staff have reviewed the proposals and interviewed both teams of proposers twice. The first interview was to hear their presentations and the second time was a follow-up interview to discuss supplemental questions regarding the proposals. On January 14, 2004, the Council held a workshop to hear presentations from the two proposers.

Although the ED Subcommittee evaluated the proposals using a range of criteria, the Subcommittee believes that the Agency's primary decision making factors are the financial return to the Agency and contribution to the goals of the Downtown Plan. As such, the ED subcommittee is recommending that El Toro Brewing be selected to enter into a 120 day ERN on the sole basis of return to the Agency. For the second factor related to the downtown plan, the two proposals are approximately the same.

El Toro is proposing to pay the Agency \$650,000 for the building and renovate the interior and exterior of the buildings for use as a restaurant/brew pub. El Toro estimates improvement costs of about \$1.2M. Should the total project costs remains \$1.8M which includes the building purchase price, El Toro states no additional assistance would be required from the Agency In comparison, Page Holdings offers \$0-\$500,000 for the building depending on the financing structure. However, Page Holdings indicates that the improvements needed for conversion to a restaurant will costs about \$2.5M. We are concerned that El Toro's construction estimates are understated, but their offer exceeds what Page Holdings is willing to offer. To address this concern and to document El Toro's ability to perform, the ED Subcommittee recommends that the ERN have key milestones for performance (see Attachment A). Failure to meet the key milestones would result in the termination of the ERN by the Executive Director.

To assist staff with the negotiations, the ED Subcommittee is recommending the following parameters:

- The key milestones of the ERN are not negotiable other than for minor revisions at the sole discretion of the Executive Director.
- The baseline business terms as described in Attachment B are not negotiable. The one exception is that the Agency may negotiate a higher purchase price if the project economics support such an increase, however, the purchase price cannot be lower than \$650,000.
- The timing of the project improvements and other terms of the Disposition and Development Agreement (DDA) are negotiable.
- El Toro must be able to enter into the ERN within two weeks of the receipt of the draft ERN.
- Should the ERN be terminated, the Executive Director would report to the Agency and seek direction on whether or not to begin discussions with Page Holdings to determine their interest to enter into an ERN.

The ED Subcommittee will make a presentation on its recommendation at this evening's meeting.

# TIMELINE AND MILESTONES TABLE MORGAN HILL POLICE DEPARTMENT (MPHD) RFP

#### PRIOR TO ERN

- Within two weeks of selection of a developer, the Developer must return executed ERN.
- The ERN will document the key business terms for the Disposition and Development Agreement (DDA) for the property. The documentation is critical due to the complexity of the proposal and the need to have all parties agree to a common understanding of business terms.

#### **DURING THE ERN PERIOD OF 120 DAYS**

## A. Within the first 10 days:

- 1. If applicable, commitment letter with restaurant operator acceptable to the City/Agency detailing the lease terms.
- 2. Submittal of good faith deposit of \$20,000. The money will be deposited into an interest bearing account with a title company. Should the Developer terminate the ERN for any reason or the Agency terminates the ERN for failure of the Developer to perform, the Agency will refund the deposit plus any accrued interest less escrow costs and the Agency's staff time attributed to preparing the ERN and subsequent Disposition and Development Agreement (DDA). Should the Agency terminate the Agreement without cause, the Agency will refund the full deposit plus any accrued interest.
- 3. Current term sheet from a construction lender stating the amount and terms that it is willing to propose with commercially reasonable exceptions.

#### B. Within 60 days – Developer to provide the following:

- 1. Letter affirming that the source of funds (financing) and costs are in balance, including a pro forma detailing the sources and uses of funds.
- 2. Letter from the general contractor estimating the construction cost including, if applicable, landlord obligations under the proposed restaurant lease terms.
- 3. If Developer is not the equity investor/lender, a term sheet between developer and equity investor/lender indicating the commitment to fund the difference between the cost and the construction lender.
- 4. Letter indicating Developer and, if applicable, the equity investor and/or partners are committed to fund any increases in project costs over and above the estimated project budget. The letter should include the resources the Developer and/or equity investors will use to fund any shortfall.
- Equity investor/lender or developer provides supporting financial information demonstrating the ability and the process to fund the needed cash equity within 10 days after the execution of the Disposition and Development Agreement by the City/Agency.

- 6. Letter stating the legal entity under which the Developer intends to take title to the property.
- 7. Letter from lender indicating the Developer has submitted a complete loan package to the lender or the additional information the lender needs from the Developer in order to have a complete loan package to evaluate, including any information needed from the Agency by the lender.
- 8. If applicable, letter from tenant demonstrating that their equity/financing is in place and the contingencies remaining to be addressed prior to executing a lease.

#### C. Within 90 days:

1. Preliminary commitment letter from Lender to fund the construction loan with commercially reasonable exceptions/contingencies.

#### D. Within 120 days:

- Developer agrees that there are no financing or leasing contingencies other than commercially reasonable exceptions.
- 2. A signed statement from the Developer that due diligence on the site and environmental conditions have been completed and (a) that the Property is accepted "As-Is", and (b) that the City/Agency is indemnified against any subsequent discoveries of adverse site and environmental conditions.
- 3. Draft of the DDA the developer is prepared to execute. The DDA would include such key business terms as:
  - a. Equity requirement would be funded within 10 days after City/Agency executes the Purchase & Sale Agreement
  - b. There are no financing or leasing contingencies by a specific date
  - c. Prior to the close of escrow, the Developer is obligated to provide for the City/Agency review and approval: (1) if applicable, executed lease with the restaurant operator; (2) completed construction documents for the proposed Improvements; (3) executed construction contract with a general contractor for the construction of the Improvements including (a) a final Guarantee of the Maximum Price and (b) ability to issue a notice to proceed within 30 days after execution of the Purchase & Sale Agreement; (4) all information necessary to show that funds from construction financing and a secondary or equity lender are deemed adequate to fund the Project, (5) funds from the lender are irrevocably committed, subject to commercially reasonable lender exceptions, (6) all design approvals and land use approvals, and (7) applied for building permits.

d.	Close of escrow would occur within	_ days after the execution of the
	Agreement by the City/Agency.	

# MORGAN HILL POLICE DEPARTMENT (MPHD) SUMMARY OF BUSINESS PROPOSALS

Proposer/Developer	El Toro Brewing Co.	Page Holdings, LLC			
Restaurant Operator	El Toro Brewing Co.	Stoddard, Erskine & Kennedy (signed LOI)			
Purchase Price Offered Subject to Conditions Outlined Below	\$650,000	<b>OPT. 1</b> : \$0	OPT. 2: \$350,000	<i>OPT. 3:</i> \$500,000	
Conditions of Offer	1) If "price is kept favorable" (i.e., \$650,000), the project would be financed with private financing and supplemented with equity; no assistance needed from the Agency  2) Complete interior and exterior renovation of the buildings for use as a restaurant/brew pub	1) Privately financed; no Agency assistance required  2) Complete interior and exterior renovation of the buildings for use as a restaurant/brew pub	1) City/Agency to provide \$1.35 M, 5-year. loan at 2%, 25 year amortization, no payment for 1 year; 2) Waive all fees. (amount to be determined); 3) Presumes cash payment at close 4) Complete interior and exterior renovation of the buildings for use as a restaurant/pub	1)City to provide \$1.5 M, 5-year loan with 2% interest only, no payment for 1 year; 2)Waive all fees. (amount to be determined); 3) Presumes cash payment at close 4) Complete interior and exterior renovation of the buildings for use as a restaurant/pub	
Est. Developer Cost & Prel. Source of Funds	Total estimated costs \$1.8M Loan: \$1.35 M (Mini-perm loan) Equity: El Toro & individual investors (home equity appears to be primary source of funds)	Total: \$2.6M= \$1.2 M + \$1.4M in restaurant Tl's Loan:\$1M (Private Loan) Equity: \$225,000 from Page Holdings Tennant to pay for restaurant Tl's thru investor equity commercial loan	Total: \$2.95M= \$1.55 M + \$1.4M in restaurant Ti's Loan:\$1.35M (City Loan) Equity: \$225,000 from Page Holdings Tennant to pay for restaurant TI's thru investor equity and commercial loan	Total: \$3.1M= \$1.7M + \$1.4M in restaurant Tl's Loan: \$1.5M (City Loan) Equity: \$225,000 from Page Holdings Tennant to pay for restaurant Tl's thru investor equity & commercial loan	